

Agency Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	1,255.64	1,255.64	1,333.64	1,339.64	1,255.64	1,339.64	84.00	6.69%
Personal Services	65,035,582	69,153,604	73,081,456	73,618,330	134,189,186	146,699,786	12,510,600	9.32%
Operating Expenses	85,728,107	113,574,533	109,779,339	112,755,698	199,302,640	222,535,037	23,232,397	11.66%
Equipment & Intangible Assets	207,507	300,190	307,507	207,507	507,697	515,014	7,317	1.44%
Benefits & Claims	4,175,855	4,508,563	4,175,855	4,175,855	8,684,418	8,351,710	(332,708)	(3.83%)
Transfers	2,124,917	1,866,299	2,124,917	2,124,917	3,991,216	4,249,834	258,618	6.48%
Debt Service	0	216,708	0	0	216,708	0	(216,708)	(100.00%)
Total Costs	\$157,271,968	\$189,619,897	\$189,469,074	\$192,882,307	\$346,891,865	\$382,351,381	\$35,459,516	10.22%
General Fund	153,515,661	185,172,717	184,100,191	187,941,680	338,688,378	372,041,871	33,353,493	9.85%
State Special	3,106,783	3,665,848	4,573,983	4,149,011	6,772,631	8,722,994	1,950,363	28.80%
Federal Special	134,148	223,376	134,148	134,148	357,524	268,296	(89,228)	(24.96%)
Other	515,376	557,956	660,752	657,468	1,073,332	1,318,220	244,888	22.82%
Total Funds	\$157,271,968	\$189,619,897	\$189,469,074	\$192,882,307	\$346,891,865	\$382,351,381	\$35,459,516	10.22%

Agency Description

Mission - The Montana Department of Corrections enhances public safety, promotes positive change in offender behavior, reintegrates offenders into the community and supports victims of crime.

The Department of Corrections (DOC), authorized in section 2-15-2301, MCA, is directed in section 53-1-201, MCA, to "utilize at maximum efficiency the resources of state government in a coordinated effort to: 1) develop and maintain comprehensive services and programs in the field of adult and youth corrections; and, 2) provide for the care, protection, and mental and physical development of youth alleged to be youth in need of supervision, or delinquent youth who are referred or committed to the department." The department's five programs are:

- Administration and Support Services including the Director's Office, Health, Planning and Information Services Division, Human Resources Division, Administrative and Financial Services Division and the administratively attached Board of Pardons and Parole
- Community Corrections Division including division administration; Treasure State Correctional Treatment Center (TSCTC); contracted pre-release centers; probation and parole; DUI Unit (Warm Springs Addictions Treatment and Change Program (WATCH)); Elkhorn and Nexus methamphetamine treatment centers; Missoula Assessment and Sanction Center (MASC); and the Sanction, Treatment, Assessment, Revocation, and Transition Center (START)
- Secure Custody including Montana State Prison (MSP), Montana Women's Prison (MWP), contract beds including regional prisons in Great Falls and Glendive, and a privately operated prison (Crossroads Correctional Center) in Shelby
- Montana Correctional Enterprises (MCE) including agriculture, ranching, industries, vocational education, food factory, license plate factory, fire crew, lumber processing, and inmate canteen
- Youth Services Division including statewide juvenile community corrections functions, Riverside Youth Correctional Facility, Transition Centers, and Pine Hills Youth Correctional Facility

Agency Highlights

Department of Corrections Major Budget Highlights	
<ul style="list-style-type: none"> ◆ Funding for the department increases 10.2 percent (\$35.5 million) primarily in general fund, when the 2009 and 2011 biennia are compared ◆ General fund increases due to: <ul style="list-style-type: none"> • Community corrections increases for annualization of the sex offender facility to open in FY 2009, \$10.6 million • Increases in community corrections beds, \$6.1 million • Secure care contract bed growth, \$5.6 million • Expansion of the work dorm (34.00 FTE), \$4.8 million • Secure care annualization of contract beds, \$4.7 million • Annualization of costs for a northwestern Montana prerelease center to be opened in the spring of 2009, \$2.0 million • Additional probation and parole officers (14.00 FTE in FY 2010 and an additional 6.00 FTE in FY 2011), \$1.9 million • Annualization of the costs of treatment beds, \$1.7 million ◆ Funding for increased plate production of the scheduled reissuance adds \$2.9 million ◆ Provider rate increases add 2.0 million ◆ Increased funding for outside medical services adds \$1.3 million ◆ The addition of 78.00 and 84.00 FTE for FY 2010 and 2011, respectively, is included in the proposed budget. FTE increases requested are for: <ul style="list-style-type: none"> • Expansion of the work dorm, 34.00 FTE • Probation and parole caseload growth, 14.00 FTE in FY 2010 and an additional 6.00 FTE in FY 2011 • Montana State Prison relief factor, 12.00 FTE • Conversion of mental health services at Montana State Prison from contract services to state employees, 6.00 FTE • Montana Women's Prison correctional counselors, 6.00 FTE • Juvenile re-entry services, 2.00 FTE • Treasure State Correctional Training Center nurse, 1.00 FTE • Human resources training staff, 1.00 FTE • Board of Pardons and Parole secretary, 1.00 FTE • Montana Correctional Enterprises produce farming operation, 1.00 FTE ◆ The department estimates the overall increase in the average daily population of offenders to be about 4.5 percent per year in the 2011 biennium 	
Major LFD Issues	
<ul style="list-style-type: none"> ◆ Proposed program expansions do not appear to be based upon measurable objectives related to program effectiveness ◆ Given a significant audit finding related to contract management and payment, the legislature may wish to direct the department to develop goals and measurable objectives for this function ◆ A general fund reversion of \$15 to \$17 million is anticipated, given that this reversion would be in operating costs appropriation statutes allow 30 percent of the funding to be carried-forward to the 2011 biennium ◆ Measurable objectives related to the funding of contract beds were not provided 	

- ◆ Some key functions, such as the director's office, lack measurable objectives for agency goals
- ◆ Given that about 35 percent of the appropriation for juvenile placements was unexpended and transferred to the Youth Court Intervention and Prevention account the legislature may wish to review the level of appropriation provided
- ◆ In some cases it is not apparent how the program objectives relate to the agency goal

Agency Discussion

Goals and Objectives:

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- Goals, objectives and year-to-date outcomes from the 2009 biennium
- Goals and objectives and their correlation to the 2011 biennium budget request

Issues related to goals and objectives raised by LFD staff are also located in the program section.

2009 Biennium Major Goals

The following provides an update on the major goals monitored during the current interim.

Goal 1 – Maintain 80 percent of offenders in community corrections and 20 percent in secure care.

- Successes
 - The department has been able to maintain slightly more than 80 percent of offenders in community corrections settings

2011 Biennium Major Goals

The following provides an overview of major goals for the 2011 interim.

Goal 1 – To operate correctional programs that emphasize offender accountability and rehabilitation, staff professionalism and responsibility, public safety, and efficient use of taxpayer dollars.

Goal 2 – To provide an employment and program environment based on professionalism, personal responsibility, and respect for each individual.

LFD ISSUE

Lack of Agency Wide Objectives

The Department of Corrections provided agency-wide goals but did not provide agency-wide objectives. Rather, the department provided objectives, tasks, or duties for each program and related these program level objectives to the agency-wide goals.

The agency-wide goal statements above do not specify a time frame for completion or contain information indicating how progress toward achieving the goal might be measured. Further information on goals and objectives is included in the program level narrative.

**LFD
COMMENT**

The Board of Pardons and Parole did provide goals, objectives, and task or duties for its function, which is administratively attached to the Department of Corrections. Further information on the goals and objectives of the Board of Pardons and Parole is contained in the narrative for the Administrative and Financial Services program budget.

Agency Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- **Agency Market** – The agency currently hires staff at 80 percent of market except in unusual circumstances related to difficult recruitment or exceptionally well qualified hires. Under those circumstances latitude is allowed up to market. As of fiscal year end, the agency market ratio was 104.1 percent of the 2006 market survey. The agency anticipates this will decrease to 95.7 percent when compared to the 2008 market survey. The agency's goal is for the agency overall market rate to be 100 percent of market compared to the 2008 salary survey by the end of the 2011 biennium. The department anticipates using legislated pay increases and potentially vacancy savings or other unexpended personal service and operational appropriations to fund the plan.
- **Obstacles** - The two primary challenges will be having adequate personal services resources (funding) to maintain the entry to market five year progression plan and negotiation of several collective bargaining unit contracts where expectations include negotiations for additional pay components and movement above and beyond that negotiated into the pay plan bill. These negotiations will be complicated by the fact that compared to 2008 market data, the two biggest bargaining units are in distinctly different situations in comparison to their respective market data. Correctional officers calculate to be at 99.95 percent of the 2008 market, while Probation and Parole Officers calculate to be at 91.27 percent of the relevant 2008 market data. Staff belonging to the major unions have negotiated some pay rates and pay components that are either not consistent with the market data (CO's) or which contain unfunded adjustments above market (PO's).
- **2009 biennium pay plan 0.6 percent** - The agency used the 0.6 percent to fund adjustments for employees who were not at their target market increment and also to fund movement between increments for those staff who had less than five years experience and were progressing toward market. Movement for staff at or above market was based on negotiated agreement for unions. The negotiated agreements required staff to complete some skills/competency enhancement training and perform up to expectations for the year in which the 0.6 percent was granted. A similar approach was used with non-union staff.

**LFD
ISSUE****Shift of Funding From Operations to Personal Services**

The information above provided by the agency indicates that it is the agency's goal to achieve an overall percentage of market rate of 100 percent when compared to the 2008 market survey by the end of the 2011 biennium and that funding provided for the pay plan, available due to vacancy savings, and other unexpended personal services and operating funds may be used to move toward this goal.

The legislature may wish to consider whether or not it supports the agency goal of 100 percent of market and the usage of funding provided for operations to support the goal. Given that operating expenses are based upon population estimates and therefore are likely to be replenished to the previous funding level. The legislature may wish to discuss the goal with the agency and how achievement of the goal might be funded. If the legislature is not in agreement with this goal, it may wish to include restrictions in the appropriations act that prohibit the use of funds budgeted for operations for personal services.

*Population Growth*Historical Trend and Department Projection

Figure 1 illustrates the historical and department projected growth in the average daily population (ADP) of offenders under supervision of the department. The ADP of offenders under the supervision of the department has risen from 10,362 in FY 2004 to 12,862 in FY 2008 or an annual average of 4.8 percent. The rate of growth between FY 2007 and FY 2008 was 3.3 percent, which is less than the annual average rate of increase and the level anticipated during the budgeting process for the 2009 biennium. The growth between FY 2007 and 2008 was also significantly lower than growth in the prior two years (7.2 and 6.1 percent). Both male and female secure care populations decreased in FY 2007 and 2008, largely due to the opening of a number of new beds as alternatives to prison and movement of inmates to these alternatives. The department has projected an overall growth in offenders of 4.6 percent in FY 2009 and 2010 and 4.7 percent in FY 2011, a rate consistent with the historical annual average rate of growth since FY 2004.

The annual increase in the number of offenders under the supervision of the department has increased anywhere from 416 to 714 per year between FY 2004 and 2008, with the average increase for these years being 590. The department has projected an increase in offenders at this level (590 more) for FY 2009 and somewhat higher (621 and 655) for FY 2010 and 2011.

Figure 1 Summary of Adult Population								
Component	FY2004	FY2005	FY2006	FY2007	FY2008	Department Projection October, 2008		
						FY2009	FY2010	FY2011
Secure Care - Males								
Montana State Prison - Deer Lodge	1,325	1,430	1,458	1,463	1,391	1,436	1,485	1,485
County Jails	128	125	177	131	78	130	130	130
Great Falls Regional Prison	149	151	151	147	143	152	152	152
Dawson County Regional Prison - Glendive	140	141	142	142	141	141	141	191
Missoula Regional Prison								
Private Prison	391	458	501	506	495	550	550	550
Out of State Inmates								
Unspecified Location (see note)	0	0	0	0	0	(67)	(14)	42
Male Secure Care	2,133	2,305	2,429	2,389	2,248	2,342	2,444	2,550
Growth From Previous Year	6.1%	8.1%	5.4%	-1.6%	-5.9%	4.2%	4.4%	4.3%
Average Annual Rate of Change	1.4%	2.7%	3.1%	2.4%	1.3%	1.7%	1.9%	2.1%
Community Corrections - Male								
Missoula Assessment and Sanctions Center	131	133	135	138	137	141	141	141
START (revocations only) - Warm Springs			35	65	59	72	72	72
P&P Sanctions	8	9	17	22	31	27	22	22
Meth Treatment - Lewistown				3	81	80	80	80
WATCH Program (DUI) Warm Springs / Glendive	116	119	123	125	129	108	108	108
TSCTC Boot Camp - Deer Lodge	54	54	52	52	54	60	60	60
Connections Corrections - Butte / Warm Springs	27	41	67	77	92	94	94	94
Sex Offender Treatment						0	116	116
Prerelease	435	472	515	607	651	662	702	702
Alternatives to Secure Care, Unspecified					0	21	(11)	78
Pre-release, Unspecified	0	0	0	0	0	10	35	105
Male Community Placement	771	828	944	1,089	1,234	1,275	1,419	1,578
Growth from Previous Year	2.6%	7.4%	14.0%	15.4%	13.3%	3.3%	11.3%	11.2%
Average Annual Rate of Change	14.6%	13.1%	13.3%	13.6%	13.5%	12.4%	12.2%	12.2%
Total Male Population	2,904	3,133	3,373	3,478	3,482	3,617	3,863	4,128
Growth from Previous Year	5.2%	7.9%	7.7%	3.1%	0.1%	3.9%	6.8%	6.9%
Average Annual Rate of Change	4.2%	4.9%	5.4%	5.0%	4.4%	4.3%	4.6%	4.8%
Secure Care - Females								
Montana Women's Prison	164	186	218	191	148	174	174	174
County Jails	10	44	45	28	16	48	48	48
Out of State Inmates								
Private Prisons	0	0	0					
Unspecified Location	0	0	0	0	0	(45)	(26)	(5)
Female Secure Care	174	230	263	219	164	177	196	217
Growth from Previous Year	19.3%	32.2%	14.3%	-16.7%	-25.1%	7.9%	10.7%	10.7%
Average Annual Rate of Change	7.2%	11.7%	12.2%	7.5%	2.8%	3.3%	4.0%	4.6%

Figure 1 (Cont.)						Department Projection October, 2008		
Component	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Community Corrections - Female								
Billings Assessment and Sanctions Center (Passages)	14	17	20	10	17	25	25	25
Intensive Challenge Program - MWP - Billings	7	6	15	18	17	20	20	20
Meth Treatment - Boulder				5	40	40	40	40
Passages Revocations - Billings				10	16	25	25	25
WATCH Program (DUI) - Glendive	25	20	22	20	20	43	43	43
Connections Corrections - Butte (Passages)	8	14	20	25	24	40	40	40
Prerelease	112	117	120	145	138	178	178	178
Unspecified Location	0	0	0	0	0	0	0	0
Female Community Placement	166	174	197	233	272	371	371	371
Growth from Previous Year	22.0%	4.8%	13.2%	18.3%	16.7%	36.4%	0.0%	0.0%
Average Annual Rate of Change	14.1%	12.2%	12.3%	13.2%	13.6%	15.9%	14.2%	12.9%
Total Female Population	340	404	460	452	436	548	567	588
Growth from Previous Year	20.6%	18.8%	13.9%	-1.7%	-3.5%	25.7%	3.5%	3.7%
Average Annual Rate of Change	10.3%	11.9%	12.2%	10.1%	8.3%	10.1%	9.4%	8.9%
Intensive Supervision Program	255	288	305	331	309	349	363	378
Day Reporting					17	20	20	20
Growth from Previous Year	-7.9%	12.9%	5.9%	8.5%	-6.6%	12.9%	4.0%	4.1%
Average Annual Rate of Change	7.1%	8.2%	7.8%	7.9%	6.0%	6.7%	6.5%	6.3%
Enhanced Supervision Program - Males			5	77	107	90	90	90
Prerelease Transitional Living - Males	38	38	46	47	52	40	40	40
Enhanced Supervision Program - Females								
Prerelease Transitional Living - Females	12	12	12	11	8	20	20	20
Probation & Parole	6,813	7,073	7,531	8,050	8,451	8,768	9,110	9,464
Total Probation & Parole/Enh. Supervision/Trans. Living	6,863	7,123	7,594	8,185	8,618	8,918	9,260	9,614
Growth from Previous Year (caseload)	4.1%	3.8%	6.6%	7.8%	5.3%	3.5%	3.8%	3.8%
Average Annual Rate of Change	3.6%	3.6%	4.1%	4.6%	4.7%	4.6%	4.5%	4.4%
Total All Categories Actual/Projected Adult ADP	10,362	10,948	11,732	12,446	12,862	13,452	14,073	14,728
Growth from Previous Year	4.5%	5.7%	7.2%	6.1%	3.3%	4.6%	4.6%	4.7%
Average Annual Rate of Change	4.0%	4.3%	4.8%	5.0%	4.8%	4.8%	4.7%	4.7%

Note: Unspecified location indicates the difference between the population of offenders the department projects and the current capacity of the applicable system component. If the number shown is negative, the system has more capacity (beds) than anticipated offenders. If the number shown is positive, the system lacks capacity (beds) for the population project.

Long-range Planning Consultant

The 2007 Legislature provided funding through the long-range planning process to hire a consultant to assist the state in studying state corrections facilities and future construction needs. While the focus of the consultant's work was to evaluate physical plant and long-term construction needs, the consultant also developed some long-term population projections. As of this writing, the consultant's final report has not been received by the state. However, the draft report dated November 2008, suggests that Montana's long-term correctional population growth rate for all offender categories is 3.9 percent. The consultant provided growth estimates for several categories of supervision which are different from the categories utilized in Figure 1. Figure 2 compares the department's projected growth rate for the categories used by the consultant and the consultant's projected long-term rate of increase for the category. Proper utilization of this information is challenging because one (the department) is focused on projecting short-term growth over the next 3-5 years while the other (the consultant) is projecting what the population might look like in the long term 20 – 25 years from now. The question becomes what short-term growth will occur over the 2011 biennium that will contribute to a long-term growth rate of 3.9 percent.

Figure 2 Comparison Department FY 2009 - 2011 Projection Verses Consultants Long-term Rate of Increase								
Component	Department of Corrections Projected Population				% Increase			Consultants
	Projected Population by Year							Long Term
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2009	FY 2010	FY 2011	% Incr
Secure Care - Male	2,170	2,212	2,314	2,370	1.9%	4.6%	2.4%	3.7%
County Jail Hold -Male	215	271	271	321	26.0%	0.0%	18.5%	8.6%
Alternatives to Prison	547	610	689	778	11.5%	13.0%	12.9%	12.7%
Secure Care - Female	165	149	168	172	-9.7%	12.8%	2.4%	3.7%
County Jail Hold - Female	32	73	73	90	128.1%	0.0%	23.3%	1.0%
Prerelease	849	910	975	1,045	7.2%	7.1%	7.2%	5.5%
Intense Super/Day Reptg	326	369	383	398	13.2%	3.8%	3.9%	5.4%
Probation and Parole	<u>8,558</u>	<u>8,858</u>	<u>9,200</u>	<u>9,554</u>	<u>3.5%</u>	<u>3.9%</u>	<u>3.8%</u>	3.1%
All Components	<u>12,862</u>	<u>13,452</u>	<u>14,073</u>	<u>14,728</u>	4.6%	4.6%	4.7%	3.9%

Conclusion

The increase contained in the department's population projection is consistent with the historical rate of increase between FY 2004 and 2008. However, this rate of growth is about three quarters of a percent greater than the growth rate developed by a consultant for long-term planning purposes. Because the department's projections were developed in the late summer and early fall months, one caveat to these projections might be the impact of an economic downturn, particularly if employment among the community corrections population is lost or becomes more difficult to obtain resulting in increased revocations and recidivism.

Shift from Secure Care to Alternatives to Prison

Figure 1 is sorted by male and female, secure care and alternatives to prison, probation and parole supervision. The overall ADP of offenders reached 12,862 in FY 2008 with 69.5 percent of those offenders in the lowest levels of supervision: probation, parole, intensive supervision, and day reporting. Offenders in alternatives to prison comprised 11.7 percent and secure care 18.8 percent of the ADP during FY 2008.

Since FY 2004 there has been a shift in the percentage of population in secure care and alternatives to prison. The percentage of offenders in secure care has declined while the percentage of offenders in alternatives to prison has risen. This change is consistent with legislative appropriations supporting increased treatment and community alternatives to prison. The proposed 2011 biennium budget continues to place increased emphasis on the use of community alternatives to prison.

Mental Health Study

The 2007 Legislature provided funding for an interim study of mental health. The study was sought due to a number of concerns including concerns that no "system" per se exists, that despite significant increases in financial investment in mental health services there is a belief that there are mental health needs that are still not being met, a lack of systemic study of mental health needs and the capacity of service providers meant that there is no certainty that funding is being used in the most effective programs or in a systematic way, and there is no certainty that the services purchased have measurable treatment outcomes or use evidence-based practices.

The study was assigned to the Children and Families Health and Human Services (CFHHS) interim committee and a consultant was hired to conduct the study. A portion of this study was conducted on mental health in the adult criminal justice system. The presiding officer of the CFHHS interim committee requested that the Department of Corrections review with the joint appropriations subcommittee recommendations the department plans to pursue and items the department believes would be worth pursuing but would require legislative action. The full report is available online at: http://leg.mt.gov/css/Committees/Interim/2007_2008/child_fam/assigned_studies/mental_health.asp#report

Summary criminal justice recommendations in the report include items such as improving data management and expanding crisis stabilization capacity, post booking options, jail-based treatment capacity, and funding to jails and diversion programs for transition planning. Also included was a recommendation that the community mental health workforce be trained on successfully working with justice-involved persons with mental illness. While the study included a number of recommendations and suggestions, it did not estimate the potential costs to state and local government of implementation of the recommendations.

The legislature may wish to discuss this study with the department and to specifically discuss if the conversion of the mental health services contract at Montana State Prison to state employees (as requested in DP 303) will address any of the recommendations made in the mental health study. The legislature may also wish to ask the department to develop goals and measurable objectives related to the recommendations the department plans to pursue and recommend that the Legislative Finance Committee monitor progress toward achievement of these goals and measurable objectives during the coming interim.

Reversion

The adult offender population supervised by the department has not reached the levels budgeted for the 2009 biennium. As a result, a reversion of \$15.0 - \$17.0 million is anticipated at the end of the current biennium. This reversion is primarily related to three appropriations that remain largely unexpended, including \$16.3 million appropriated for population growth, \$1.4 million appropriated for an increase in the sex offender population as a result of SB 547 from the 2007 session, and an appropriation of about \$1.0 million for medications for mentally ill offenders that was transferred from the Department of Public Health and Human Services. Only small amounts of these appropriations have or will be expended, leaving the large anticipated reversions.

LFD ISSUE

Carry Forward of Unexpended Appropriations

Statute (17-7-304(4)) provides that 30 percent of any unexpended appropriation for personal services, operating expenses, and equipment may be reappropriated to be spent during the following two years for any purpose that is consistent with the goals and objectives of the agency. The appropriations discussed above that are likely to result in a large reversion are appropriations for operating expenses. Thus, 30 percent of the amount that reverts or an estimated \$4.5 - \$5.1 million may be carried forward by the agency for expenditure in the 2011 biennium.

Given the size of the potential carry forward appropriation that the department would have if the FY 2009 reversion is realized at the level anticipated, the legislature may wish to consider:

- Introducing legislation to reduce the 2009 biennium appropriation level of the department, so that the amount of a reversion and subsequent carry forward is reduced
- Not funding a portion of the license plate one-time-only request on the assumption the department would fund that portion with 30 percent carry forward funds that are one-time-only
- Take no action, meaning that 30 percent of any amount reverted would be available to the department for expenditure during the 2011 biennium

Funding

The following table summarizes funding for the agency, by program and source, as recommended by the Governor. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2011 Biennium Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Admin And Support Services	\$ 33,795,552	\$ 1,262,928	\$ -	\$ 170,690	\$ 35,229,170	9.21%
02 Adult Community Corrections	137,347,477	1,428,826	-	-	138,776,303	36.30%
03 Secure Custody Facilities	153,733,598	522,856	77,616	-	154,334,070	40.36%
04 Mont Correctional Enterprises	7,352,932	3,815,654	176,770	1,147,530	12,492,886	3.27%
05 Youth Services	39,812,312	1,692,730	13,910	-	41,518,952	10.86%
Grand Total	<u>\$ 372,041,871</u>	<u>\$ 8,722,994</u>	<u>\$ 268,296</u>	<u>\$ 1,318,220</u>	<u>\$ 382,351,381</u>	<u>100.00%</u>

The department is supported primarily with general fund (97.5 percent) and state special revenue (2.1 percent). State special revenue comes primarily from inmate canteen services, the inmate welfare fund, probation and parole supervision fees, restitution, recovery of the costs of care provided to juveniles, and interest and income earned on school trust lands (Pine Hills Youth Correctional Facility). Funds from federal grants and proprietary accounts provide less than 0.50 percent of the department funding.

Statutory Appropriations

The following figure shows the total statutory appropriations associated with this agency. Because statutory appropriations do not require reauthorization each biennium, they do not appear in HB 2 and are not routinely examined by the legislature. The table is provided so that the legislature can get a more complete picture of agency operations and associated policy.

Statutory Appropriations Department of Corrections					
Purpose	MCA #	Fund Source	Fiscal 2008	Fiscal 2010	Fiscal 2011
<i>Direct Bearing on Agency Operations</i>					
Inmate Welfare Fund	53-1-109	SSR	\$358,473	\$321,151	\$322,152

As appropriate, LFD staff has segregated the statutory appropriations into two general categories: 1) those where the agency primarily acts in an administrative capacity and the appropriations consequently do not relate directly to agency operations; and 2) those that have a more direct bearing on the mission and operations of the agency.

The following narrative is provided for informational purposes.

The financial compliance audit for the two years ending June 30, 2008 included an audit finding related to the inmate welfare fund. The auditors found that the department could not provide evidence that the inmates at the private prison were consulted about using inmate welfare funds for the dog training program. The audit recommends that the department:

- o Document its consultations with prison inmates concerning the use of the inmate welfare funds to ensure compliance with state law
- o Document approval of expenditures from inmate welfare funds as required by department policy

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	153,515,661	153,515,661	307,031,322	82.53%	157,271,968	157,271,968	314,543,936	82.27%
Statewide PL Adjustments	2,625,426	2,794,348	5,419,774	1.46%	2,646,325	2,812,113	5,458,438	1.43%
Other PL Adjustments	25,125,958	28,755,340	53,881,298	14.48%	26,190,531	29,823,147	56,013,678	14.65%
New Proposals	2,833,146	2,876,331	5,709,477	1.53%	3,360,250	2,975,079	6,335,329	1.66%
Total Budget	\$184,100,191	\$187,941,680	\$372,041,871		\$189,469,074	\$192,882,307	\$382,351,381	

Program Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	110.00	110.00	112.00	112.00	110.00	112.00	2.00	1.82%
Personal Services	6,192,508	6,714,810	6,972,395	6,992,068	12,907,318	13,964,463	1,057,145	8.19%
Operating Expenses	9,003,302	8,322,864	10,935,201	10,329,506	17,326,166	21,264,707	3,938,541	22.73%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Total Costs	\$15,195,810	\$15,037,674	\$17,907,596	\$17,321,574	\$30,233,484	\$35,229,170	\$4,995,686	16.52%
General Fund	14,800,031	14,595,000	16,989,042	16,806,510	29,395,031	33,795,552	4,400,521	14.97%
State Special	320,198	367,633	831,567	431,361	687,831	1,262,928	575,097	83.61%
Federal Special	0	0	0	0	0	0	0	n/a
Other	75,581	75,041	86,987	83,703	150,622	170,690	20,068	13.32%
Total Funds	\$15,195,810	\$15,037,674	\$17,907,596	\$17,321,574	\$30,233,484	\$35,229,170	\$4,995,686	16.52%

Program Description

The Administration and Support Services Program includes the Director's Office, Health Planning and Information Services Division, Human Resources Division, Administrative and Financial Services Division and the administratively attached Board of Pardons and Parole. This program provides services to the department, governmental entities, and the public in the areas of public and victim information, human resource management, staff development and training, American Indian liaison services, policy management, information technology, legal information, technical correctional services, research and statistics, medical services management, project management, payroll, budgeting, program planning, contract development, federal grants management, victim restitution, supervision fee collection, accounting, and various administrative and management support functions.

Program Highlights

Administrative and Financial Services Division	
Major Budget Highlights	
♦	Total funding for the division increases 16.5 percent (\$5.0 million) between the 2009 and 2011 biennia; general fund support increases 15.0 percent (\$4.4 million) in the same time period
♦	General fund increases primarily due to increases in statewide present law adjustments, outside medical costs, central office rent, and a number of other small adjustments
♦	State special revenue increases due to a request to purchase new software for collections and restitution
Major LFD Issues	
♦	Some key functions lack measurable objectives for agency goals
♦	Given a significant audit finding regarding contract management and payment, the legislature may wish to direct the department to develop goals and measurable objectives for this function
♦	Increases in outside medical costs are under estimated

Program Narrative

Goals and Objectives:

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- Goals, objectives and year-to-date outcomes from the 2009 biennium
- Goals and objectives and their correlation to the 2011 biennium budget request

2009 Biennium Major Goals

No goals related to this program were reviewed during the interim.

2011 Biennium Major Goals

The following provides an overview of major goals for the 2011 interim.

Goal 1 – To operate correctional programs that emphasize offender accountability and rehabilitation, staff professionalism and responsibility, public safety, and efficient use of taxpayer dollars. (agency wide goal)

- Objectives by subprogram within this program
 - Director’s Office – none related to this goal
 - Health, Planning, and Information Technology – none related to this goal
 - Human Resources – Implement alternative dispute resolution processes and advocate for their use at supervisory levels throughout the department
 - Administrative and Financial Services – none related to this goal

LFD ISSUE

Key Functions Lack Objectives Related to this Goal

The goal above is a well written goal related to the core purposes of the department; offender accountability and rehabilitation, combined with public safety and efficient use of tax payer dollars. However, within the Administrative and Financial Services Program only one subprogram has an objective related to this goal, the Human Resources subprogram. The Director’s Office, which is responsible for overall management and functioning of the agency, has no objectives related to this goal. It would seem logical to expect the Director’s Office to have objectives related to leading the agency toward this goal and that the Administrative and Financial Services subprogram would have objectives related to financial management resulting in and demonstrating the efficient use of taxpayer dollars. The legislature may wish to discuss with the department measurable objectives for the director’s office and the administrative and financial services subprograms related to this goal.

Goal 2 – To provide an employment and program environment based on professionalism, personal responsibility, and respect for each individual.

- Objectives (selected) by subprogram within this program
 - Director’s Office – Develop a method for identifying, measuring, and implementing quality improvement initiatives
 - Health, Planning and Information Technology – Perform medical, dental, and pharmacy reviews of claims and reports to ensure the proper level of care is being provided to offenders and offender care is in line with the allocation of expenditures
 - Human Resources – Develop and implement a “new employee orientation” training program
 - Administrative and Financial Services – Strive to obtain an unqualified fiscal audit opinion for the department in the legislative audit performed every two years

**LFD
ISSUE****Objectives Not Related to Goal**

The objectives above are a sample of the objectives for these subprograms related to this goal. While the objectives for the Health, Planning, and Information Technology and Administrative and Financial Services subprograms are good objectives, they don't appear to be related to the stated goal. In contrast it is possible for a reader to envision how the Human Resources goal of providing "new employee orientation" might correlate with the goal statement related to professionalism, personal responsibility, and respect for each individual. The objectives of the agency and program should allow the reader to envision how progress toward the goal will be achieved and measured and what return is anticipated in exchange for the funds appropriated for the agency and program. The legislature may wish to discuss with the department revisions to the objectives listed above for the Health, Planning, and Information Technology and Administrative and Financial Services subprograms so that the correlation between the measurable objective and goal is clear to the average reader.

Board of Pardons and Parole

Goal 1 – Maintain and manage a state parole process that is consistent with sound release procedures and principles.

- Objectives

- To recognize and respect victims of offenders
- To pursue procedures that protect the civil rights of all individuals at all levels of the corrections system
- To encourage and expect offenders to accept responsibility for their actions at all times

**LFD
ISSUE****How and When will Progress be Measured**

The Board of Pardons and Parole (BOPP) provided goals, objectives, and a listing of duties. While the objectives above do seem to be related to the goal, the timeframe for completion and how progress toward achievement of the goal will be measured are unclear. It is likely that this is an ongoing goal that the BOPP seeks to achieve and continue to improve upon over the course of time and as the parole process changes. However, progress toward achievement and maintenance of this goal should be measured on a periodic basis so that adjustments may be made as needed. The legislature may wish to discuss with the Board of Pardons and Parole how and when progress toward these objectives will be measured. The legislature may also wish to recommend that progress toward this objective be monitored during the interim.

**LFD
ISSUE****Financial Compliance Audit – Contract Management**

The Legislative Audit Division recently completed the financial compliance audit for the department for FY 2007 and 2008. While the department received an unqualified opinion, the report contained fourteen recommendations, including recommendations related to contract management, as have the previous five audit reports.

The audit findings regarding contract administration are of concern because of the number of contracts and volume of dollars that the department expends via contracts. The audit indicates that during the period being audited the department had over 200 active contracts expending in excess of \$133 million. Furthermore, based upon the auditor's analysis, approximately half of the invoices were over-paid. While the department concurred with the audit finding, during testimony before the Legislative Audit Committee department staff indicated that a portion of the overpayments identified by the audit were due to a difference between the auditor's interpretation of contract provisions and the department's interpretation.

**LFD
ISSUE (CONT.)**

The department's 2011 biennium budget requests more than \$134 million for the biennium for room and board costs paid primarily through contracts. In addition to these room and board contracts the department also administers contracts for other purposes. The issue of contract management would seem to be closely related to Goal 1 listed earlier, which included efficient use of taxpayer dollars. Prior to approving the budget for the Administrative and Financial Services subprogram, the legislature may wish to request that the department develop goals and measurable objectives related to improvement of the contract management function. The legislature may also wish to recommend that the Legislative Finance Committee monitor progress toward achievement of these goals and measurable objectives during the coming interim.

Other Audit Findings

While the audit finding regarding contract management was perhaps the finding of greatest concern, the audit report also included a number of other recommendations:

- o Implement procedures to ensure it spends within its appropriation authority as required by law
- o Provide budget training to fiscal staff
- o Exhaust all available state special revenue fund authority before spending general fund money as required by state law
- o Comply with state law concerning acceptance of federal assistance and recovery of indirect costs
- o Modify and document its indirect cost rate development procedures to help ensure the rates are properly calculated
- o Comply with state law and its operating procedures concerning probation and parole officer training

The recommendations listed above all have the potential to impact the budget of the department and are indications of areas where the department's financial management may be resulting in general fund costs that are larger than necessary. Thus, the legislature may wish to be aware of these items when making appropriation decisions.

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

Program Funding Table Admin And Support Services							
Program Funding		Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000	Total General Fund	\$ 14,800,031	97.4%	\$ 16,989,042	94.9%	\$ 16,806,510	97.0%
	01100 General Fund	14,800,031	97.4%	16,989,042	94.9%	16,806,510	97.0%
02000	Total State Special Funds	320,198	2.1%	831,567	4.6%	431,361	2.5%
	02339 Inmate Welfare/Inmate Pay	-	-	-	-	-	-
	02355 Miscellaneous Fines And Fees	-	-	22,500	0.1%	22,500	0.1%
	02689 Offender Restitution	314,986	2.1%	804,042	4.5%	403,965	2.3%
	02917 Msp Canteen Revolving Acct	5,212	0.0%	5,025	0.0%	4,896	0.0%
03000	Total Federal Special Funds	-	-	-	-	-	-
	03315 Misc Federal Grants	-	-	-	-	-	-
	03316 Mbcc Grants	-	-	-	-	-	-
06000	Total Proprietary Funds	75,581	0.5%	86,987	0.5%	83,703	0.5%
	06033 Prison Ranch	23,156	0.2%	24,394	0.1%	23,597	0.1%
	06034 Msp Institutional Industries	19,957	0.1%	24,011	0.1%	23,008	0.1%
	06545 Prison Indust. Training Prog	11,377	0.1%	13,507	0.1%	12,962	0.1%
	06573 Msp - Cook Chill	21,091	0.1%	25,075	0.1%	24,136	0.1%
Grand	Total	\$ 15,195,810	100.0%	\$ 17,907,596	100.0%	\$ 17,321,574	100.0%

The Administrative and Support Services Program receives 97.4 percent of its funding from the general fund. State special revenue is primarily from offender restitution payments and provides 2.1 percent of the program funding. State special revenue is also received from the canteen revolving account and fines and fees. Proprietary funds from the prison ranch, industries, the industries training program, and cook chill operation provide 0.5 percent of the program funding.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	14,800,031	14,800,031	29,600,062	87.59%	15,195,810	15,195,810	30,391,620	86.27%
Statewide PL Adjustments	793,977	663,594	1,457,571	4.31%	836,576	703,059	1,539,635	4.37%
Other PL Adjustments	1,305,875	1,308,932	2,614,807	7.74%	1,328,375	1,331,432	2,659,807	7.55%
New Proposals	89,159	33,953	123,112	0.36%	546,835	91,273	638,108	1.81%
Total Budget	\$16,989,042	\$16,806,510	\$33,795,552		\$17,907,596	\$17,321,574	\$35,229,170	

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					944,515					965,004
Vacancy Savings					(285,475)					(286,303)
Inflation/Deflation					21,089					24,318
Fixed Costs					156,447					40
Total Statewide Present Law Adjustments					\$836,576 *					\$703,059 *
DP 101 - Powell County Contract Increase	0.00	7,433	0	0	7,433	0.00	7,433	0	0	7,433
DP 102 - Leased Vehicles for Investigations	0.00	11,087	0	0	11,087	0.00	11,087	0	0	11,087
DP 601 - Outside Medical Additional Authority	0.00	649,138	0	0	649,138	0.00	651,511	0	0	651,511
DP 602 - Software Maintenance	0.00	67,439	0	0	67,439	0.00	67,917	0	0	67,917
DP 701 - HR Training Support	1.00	52,199	0	0	52,199	1.00	50,099	0	0	50,099
DP 702 - Training Manuals	0.00	0	2,500	0	2,500	0.00	0	2,500	0	2,500
DP 703 - Early Return to Work	0.00	0	20,000	0	20,000	0.00	0	20,000	0	20,000
DP 801 - BOPP Secretary FTE	1.00	36,585	0	0	36,585	1.00	33,997	0	0	33,997
DP 802 - Board Member Per Diem	0.00	40,425	0	0	40,425	0.00	40,425	0	0	40,425
DP 806 - Annualization for BOPP Office Space	0.00	48,785	0	0	48,785	0.00	49,866	0	0	49,866
DP 901 - Annualization for Central Office Rent	0.00	392,784	0	0	392,784	0.00	396,597	0	0	396,597
Total Other Present Law Adjustments	2.00	\$1,305,875	\$22,500	\$0	\$1,328,375	2.00	\$1,308,932	\$22,500	\$0	\$1,331,432
Grand Total All Present Law Adjustments					\$2,164,951					\$2,034,491

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- o **Market Rate** – The program generally follows agency policy with new employees beginning at 80 percent of the market rate for the positions, but hiring authorities may make exceptions. As of the end of FY 2008 the market ratio for the program was 98.4 percent of the 2006 market survey. The program estimates this will

decrease to 91.2 percent when compared to the 2008 market survey. Technical staff support positions such as information technology, emergency planning and preparedness, accounting and budget analysts, and human resource specialists are examples of positions that are in high demand in the market and which the department may have to hire at a range from entry to market depending on the applicant's experience and competencies. The agency indicates the greatest challenge with market ratios and progress to market is for information technology professionals

- o **Vacancy** – The program indicates that retaining information technology (IT) professionals presents the greatest challenge
- o **Legislatively applied vacancy savings** – The legislature applied 4 percent vacancy savings to this program. The program was able to leave positions vacant to achieve vacancy savings and was under budget in personal services costs. Savings from vacant positions in excess of the legislatively applied vacancy savings rate was utilized to offset operating costs
- o **Pay Changes** – Non-union staff were placed on the department five year entry to market progression plan in July 2007. Staff have continued to receive progression increments on their anniversary dates. The department used HB 13 legislated increases including the 0.6 percent discretionary funds and across the board 3 percent increases to fund a portion of these market adjustments. Additionally, the discretionary 0.6 percent was provided to staff who were at or above market rate upon successful completion of the agreed upon competency building training. The department increased a number of IT related positions due to market increases and the need to retain staff. Classification actions for these positions occurred as well as market adjustments. Reclassification of a number of financial manager positions occurred as well. The program was able to keep vacant positions open to cover the pay increases given outside HB 13. The department also used the funding for the 0.6 percent raise to offset the costs of market adjustments and band movement
- o **Retirements** - Six positions including two upper level managers are eligible to retire during the 2011 biennium. The projected liability for these retirements is \$112,080. The program anticipates that two upper level managers will retire during the next biennium, which is consistent with the number of retirements experienced in FY 2008

**LFD
COMMENT**

The combination of pay plan increases, the five year progression to market policy, reclassifications, and other pay adjustments is estimated to have increased the average salary of an FTE in this division by about 9.4 percent when the FY 2009 appropriation level is compared to the FY 2010 budget request.

New Proposals

New Proposals										
Program	FTE	Fiscal 2010				Fiscal 2011				Total Funds
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	
DP 601 - PREA Supplies - (Bien/OTO)										
01	0.00	15,000	0	0	15,000	0.00	0	0	0	0
DP 604 - Research Electronic Records - OTO										
01	0.00	10,000	0	0	10,000	0.00	0	0	0	0
DP 802 - BOPP Portable Equip/Computers - OTO										
01	0.00	25,000	0	0	25,000	0.00	0	0	0	0
DP 902 - Collections Unit System - OTO										
01	0.00	0	455,000	0	455,000	0.00	0	55,000	0	55,000
DP 6101 - Fixed Cost Workers Comp Management										
01	0.00	39,159	287	0	41,835 *	0.00	33,953	249	0	36,273 *
Total	0.00	\$89,159	\$455,287	\$0	\$546,835 *	0.00	\$33,953	\$55,249	\$0	\$91,273 *

Sub-Program Details**BOARD OF PARDONS 01****Sub-Program Proposed Budget**

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	9.00	1.00	0.00	10.00	1.00	0.00	10.00	10.00
Personal Services	566,665	39,426	0	606,091	41,087	0	607,752	1,213,843
Operating Expenses	114,187	58,547	25,000	197,734	57,589	0	171,776	369,510
Total Costs	\$680,852	\$97,973	\$25,000	\$803,825	\$98,676	\$0	\$779,528	\$1,583,353
General Fund	680,852	97,973	25,000	803,825	98,676	0	779,528	1,583,353
Total Funds	\$680,852	\$97,973	\$25,000	\$803,825	\$98,676	\$0	\$779,528	\$1,583,353

Sub-Program Description

This subprogram includes the Board of Pardons and Parole, which is administratively attached to the department. The Board of Pardons and Parole is established in 2-15-2302, MCA as a quasi judicial board.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	680,852	680,852	1,361,704	86.00%	680,852	680,852	1,361,704	86.00%
Statewide PL Adjustments	(27,822)	(25,612)	(53,434)	(3.37%)	(27,822)	(25,612)	(53,434)	(3.37%)
Other PL Adjustments	125,795	124,288	250,083	15.79%	125,795	124,288	250,083	15.79%
New Proposals	25,000	0	25,000	1.58%	25,000	0	25,000	1.58%
Total Budget	\$803,825	\$779,528	\$1,583,353		\$803,825	\$779,528	\$1,583,353	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----						-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(11,414)					(9,696)
Vacancy Savings					(22,210)					(22,279)
Inflation/Deflation					5,802					6,363
Total Statewide Present Law Adjustments					(\$27,822)					(\$25,612)
DP 801 - BOPP Secretary FTE	1.00	36,585	0	0	36,585	1.00	33,997	0	0	33,997
DP 802 - Board Member Per Diem	0.00	40,425	0	0	40,425	0.00	40,425	0	0	40,425
DP 806 - Annualization for BOPP Office Space	0.00	48,785	0	0	48,785	0.00	49,866	0	0	49,866
Total Other Present Law Adjustments										
	1.00	\$125,795	\$0	\$0	\$125,795	1.00	\$124,288	\$0	\$0	\$124,288
Grand Total All Present Law Adjustments					\$97,973					\$98,676

DP 801 - BOPP Secretary FTE - The Board of Pardons and Parole requests \$70,582 general fund for the biennium to support 1.00 FTE secretary. The position would provide support to the records manager, answer the phone, distribute mail, receive visitors, and file offender documents. This position is currently on loan from and being paid by Montana State Prison (MSP).

**LFD
ISSUE**
Transfer of Funding and Position

Since MSP has operated without this position and has been able to fund it for most of the 2009 biennium, the legislature may wish to transfer this position and funding from MSP to the Board of Pardons and Parole.

DP 802 - Board Member Per Diem - The Board of Pardons and Parole requests \$80,850 general fund for the biennium board members' compensation. Board members are entitled to be paid per diem for days that the member is engaged in the performance of board duties. The program estimates each of the 7 board members will be engaged in board work 77 days per year at a per diem rate of \$75 per day. Board member per diem is a zero-based budget item and not included in the adjusted base budget. Funding for this item must be requested in a decision package.

**LFD
COMMENT**

The amount requested in this decision package is \$6,350 greater than the amount expended in FY 2008.

DP 806 - Annualization for BOPP Office Space - The Board of Pardons and Parole requests \$98,651 general fund for the biennium for increased office rental costs. The board re-located to a new office August of 2008.

**LFD
ISSUE****Request Exceeds Cost Increase**

The amount of funding requested in this decision package exceeds the increased costs that will occur due to the change in office locations by \$4,968 for the biennium. Figure 3 compares the lease payments required per the lease contract with the amount requested in this decision package. The legislature may wish to reduce the amount of this decision package by \$4,968 for the biennium.

Figure 3**Board of Pardon's and Parole Office Rent - DP 806**

Annual Rent*	Annual Lease Period		Lease Cost Per Year			
	Begin Date	End Date	FY 2008	FY 2009	FY 2010	FY 2011
\$24,000	August 1, 2008	July 31, 2009	\$0	\$22,000	\$2,000	
\$57,929	August 1, 2009	July 31, 2010	0	0	53,102	4,827
\$59,088	August 1, 2010	July 31, 2011	0	0	0	54,164
Total Annual Rent			\$0	\$22,000	\$55,102	\$58,991
FY 2008 Base Year Cost for Prior Space					10,205	10,205
New Lease Cost Less Base Year Expenditures					44,897	48,786
Additional Funding Needed for the 2011 Biennim						\$93,683
Funding Requested in DP 806						98,651
Request Exceeds Estimated Costs						(\$4,968)

***Notes:**

First year rent per contract is \$24,000.

Rent increases to \$57,929 per year beginning August 1, 2009.

Annual rent cost increases 2 percent per year beginning August 1, 2010.

New Proposals

-----Fiscal 2010-----						-----Fiscal 2011-----				
Sub Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 802 - BOPP Portable Equip/Computers - OTO										
01	0.00	25,000	0	0	25,000	0.00	0	0	0	0
Total	0.00	\$25,000	\$0	\$0	\$25,000 *	0.00	\$0	\$0	\$0	\$0 *

DP 802 - BOPP Portable Equip/Computers - OTO - This decision package requests \$25,000 general fund as a one-time-only appropriation for the Board of Pardons and Parole (BOPP). This funding would be used to purchase each board member and staff in Deer Lodge, Great Falls, and Billings a laptop computer, and portable printers to be located in Billings, Great Falls, and Deer Lodge.

Sub-Program Details**DIRECTOR'S OFFICE 02****Sub-Program Proposed Budget**

The following table summarizes the total executive budget proposal for this sub-program, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	17.00	0.00	0.00	17.00	0.00	0.00	17.00	17.00
Personal Services	1,207,880	16,539	0	1,224,419	22,214	0	1,230,094	2,454,513
Operating Expenses	265,768	21,195	0	286,963	21,859	0	287,627	574,590
Total Costs	\$1,473,648	\$37,734	\$0	\$1,511,382	\$44,073	\$0	\$1,517,721	\$3,029,103
General Fund	1,473,648	37,734	0	1,511,382	44,073	0	1,517,721	3,029,103
Total Funds	\$1,473,648	\$37,734	\$0	\$1,511,382	\$44,073	\$0	\$1,517,721	\$3,029,103

Sub-Program Description

The subprogram includes the director, his office staff, legal staff and investigators.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	1,473,648	1,473,648	2,947,296	97.30%	1,473,648	1,473,648	2,947,296	97.30%
Statewide PL Adjustments	19,214	25,553	44,767	1.48%	19,214	25,553	44,767	1.48%
Other PL Adjustments	18,520	18,520	37,040	1.22%	18,520	18,520	37,040	1.22%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$1,511,382	\$1,517,721	\$3,029,103		\$1,511,382	\$1,517,721	\$3,029,103	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2010-----					-----Fiscal 2011-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				67,556					73,469
Vacancy Savings				(51,017)					(51,255)
Inflation/Deflation				2,675					3,339
Total Statewide Present Law Adjustments				\$19,214					\$25,553
DP 101 - Powell County Contract Increase									
0.00	7,433		0	0	7,433	0.00	7,433	0	0
DP 102 - Leased Vehicles for Investigations									
0.00	11,087		0	0	11,087	0.00	11,087	0	0
Total Other Present Law Adjustments									
0.00	\$18,520		\$0	\$0	\$18,520	0.00	\$18,520	\$0	\$0
Grand Total All Present Law Adjustments				\$37,734					\$44,073

DP 101 - Powell County Contract Increase - This decision package requests \$14,866 general fund for the biennium to increase the contract with the Powell County Attorney. This funding would be used by the county to hire a Deputy County Attorney to assist in prosecuting cases the prison investigators bring to the county attorney.

LFD COMMENT

The base budget includes \$32,567 that was paid to the Powell County Attorney for prosecution of cases. The department proposes converting from an hourly payment fee to a contract that provides funding for the county to hire a part time county attorney. Funding in this decision package would increase the amount provided for contracting with the Powell County Attorney from the \$32,567 included in the base budget to \$40,000 per year.

DP 102 - Leased Vehicles for Investigations - This decision package requests \$22,174 general fund for the biennium for a new leased vehicle. When requested the investigators provide assistance to local jurisdictions, community corrections, and institutions in criminal and administrative investigations.

Sub-Program Details**ADMINISTRATIVE SERVICES 03****Sub-Program Proposed Budget**

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	29.50	0.00	0.00	29.50	0.00	0.00	29.50	29.50
Personal Services	1,401,530	129,864	0	1,531,394	131,749	0	1,533,279	3,064,673
Operating Expenses	2,735,945	551,702	496,835	3,784,482	399,429	91,273	3,226,647	7,011,129
Total Costs	\$4,137,475	\$681,566	\$496,835	\$5,315,876	\$531,178	\$91,273	\$4,759,926	\$10,075,802
General Fund	3,741,696	638,967	39,159	4,419,822	491,713	33,953	4,267,362	8,687,184
State/Other Special	320,198	33,582	455,287	809,067	33,414	55,249	408,861	1,217,928
Proprietary	75,581	9,017	2,389	86,987	6,051	2,071	83,703	170,690
Total Funds	\$4,137,475	\$681,566	\$496,835	\$5,315,876	\$531,178	\$91,273	\$4,759,926	\$10,075,802

Sub-Program Description

This subprogram includes administrative and financial services such as: accounting, budgeting, and contract management.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	3,741,696	3,741,696	7,483,392	86.14%	4,137,475	4,137,475	8,274,950	82.13%
Statewide PL Adjustments	246,183	95,116	341,299	3.93%	288,782	134,581	423,363	4.20%
Other PL Adjustments	392,784	396,597	789,381	9.09%	392,784	396,597	789,381	7.83%
New Proposals	39,159	33,953	73,112	0.84%	496,835	91,273	588,108	5.84%
Total Budget	\$4,419,822	\$4,267,362	\$8,687,184		\$5,315,876	\$4,759,926	\$10,075,802	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments											
-----Fiscal 2010-----					-----Fiscal 2011-----						
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds		
Personal Services				193,668						195,636	
Vacancy Savings				(63,804)						(63,887)	
Inflation/Deflation				2,471						2,792	
Fixed Costs				156,447						40	
Total Statewide Present Law Adjustments				\$288,782 *							\$134,581 *
DP 901 - Annualization for Central Office Rent											
0.00	392,784		0	0	392,784	0.00	396,597	0	0	396,597	
Total Other Present Law Adjustments											
0.00	\$392,784		\$0	\$0	\$392,784	0.00	\$396,597	\$0	\$0	\$396,597	
Grand Total All Present Law Adjustments				\$681,566							\$531,178

DP 901 - Annualization for Central Office Rent - This decision package requests \$554,235 general fund for the biennium for increased rental costs/new space

LFD ISSUE	Building Status									
	<p>The 2007 Legislature provided \$234,000 for FY 2009 for anticipated rent increases for central office staff located in Helena. The Department of Administration anticipated contracting for the construction of a building in Helena to house employees of several state agencies including the Department of Corrections. As of this writing construction of this building has not begun and there is uncertainty surrounding if and when this building might be constructed. Due to the uncertainty surrounding this building, the legislature may wish to:</p> <ul style="list-style-type: none"> o Request updated information on the current status of construction of this office building o Request updated information on what alternatives for relocation of the central office staff are available or might be pursued if the proposed new office building is not constructed o Provide funding for additional rent as a restricted appropriation that may only be used to support increases in the office costs for the central office if the office is relocated 									

New Proposals

New Proposals										
-----Fiscal 2010-----						-----Fiscal 2011-----				
Sub Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 902 - Collections Unit System - OTO										
03	0.00	0	455,000	0	455,000	0.00	0	55,000	0	55,000
DP 6101 - Fixed Cost Workers Comp Management										
03	0.00	39,159	287	0	41,835 *	0.00	33,953	249	0	36,273 *
Total	0.00	\$39,159	\$455,287	\$0	\$496,835 *	0.00	\$33,953	\$55,249	\$0	\$91,273 *

DP 902 - Collections Unit System - OTO - This decision package requests \$510,000 state special revenue for the biennium as a one-time-only appropriation to purchase a software program to be used to record the collection and distribution of felony restitution and interface the new software with the department's Offender Management Information System (OMIS).

DP 6101 - Fixed Cost Workers Comp Management - The Workers' Compensation Management program at the Department of Administration was funded by the 2007 Legislature with a one-time-only general fund appropriation. For the 2011 biennium and beyond, the executive proposes the program be funded via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.

Sub-Program Details

OUTSIDE MEDICAL 04

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
Operating Expenses	4,561,462	649,138	0	5,210,600	651,511	0	5,212,973	10,423,573
Total Costs	\$4,561,462	\$649,138	\$0	\$5,210,600	\$651,511	\$0	\$5,212,973	\$10,423,573
General Fund	4,561,462	649,138	0	5,210,600	651,511	0	5,212,973	10,423,573
Total Funds	\$4,561,462	\$649,138	\$0	\$5,210,600	\$651,511	\$0	\$5,212,973	\$10,423,573

Sub-Program Description

This subprogram includes the costs of purchasing medical services for offenders from sources outside of the prisons.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	4,561,462	4,561,462	9,122,924	87.52%	4,561,462	4,561,462	9,122,924	87.52%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	649,138	651,511	1,300,649	12.48%	649,138	651,511	1,300,649	12.48%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$5,210,600	\$5,212,973	\$10,423,573		\$5,210,600	\$5,212,973	\$10,423,573	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
	-----Fiscal 2010-----					-----Fiscal 2011-----			
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special
DP 601 - Outside Medical Additional Authority	0.00	649,138	0	0	649,138	0.00	651,511	0	0
Total Other Present Law Adjustments	0.00	\$649,138	\$0	\$0	\$649,138	0.00	\$651,511	\$0	\$0
Grand Total All Present Law Adjustments					\$649,138				\$651,511

DP 601 - Outside Medical Additional Authority - This decision package requests \$1.3 million general fund for the biennium for anticipated inflationary increases associated with outside inmate medical expenses. The department indicated that the number of offenders needing outside medical care increases and that an inflation rate of 6.231 percent is anticipated according to the Consumer Price Index (CPI).

**LFD
ISSUE**
Costs are Under Estimated

The methodology used by the department to estimate the increase in outside medical costs is the average of the annual percentage by which that expenditures exceeded the appropriation level for five years from FY 2004 through FY 2008, multiplied that by the base budget with an inflation factor of 6.231 percent. It is unclear what relationship the percentage by which expenditures have exceeded the budget in the past has on future expenditures.

Figure 4 contains the Legislative Fiscal Division staff estimate of outside medical costs for the 2011 biennium. This estimate is based upon the projected increase in the number of inmates covered by outside medical (not including Riverside, Pine Hill or Passages) and the FY 2008 average cost per inmate inflated by 6.231 percent per year. Legislative staff estimates that outside medical costs are likely to be \$1,173,045 and \$1,624,256 above the FY 2008 base budget or almost \$1.5 million for the biennium greater than the requested level of funding increase.

At the time of this writing, information on the historical and projected number of inmates at the two youth correctional facilities and the Passages women's facility had been requested but not yet received. An estimate updated with this information will be provided to the appropriations subcommittee.

Figure 4

Legislative Fiscal Division - Estimate of Outside Medical Costs for the Department of Corrections (DP 601)

Item	FY2004	FY2005	FY2006	FY2007	FY2008	FY 2009	FY 2010	FY2011
Inmates Covered by Outside Medical (actual/projected)	2,537	2,753	2,904	2,912	2,912	3,079	3,244	3,294
Percent Increase		8.5%	5.5%	0.3%	0.0%	5.7%	5.4%	1.5%
Average Annual Change		8.5%	7.0%	4.7%	3.5%	3.9%	4.2%	3.8%
Outside Medical Costs	\$2,433,820	\$3,397,646	\$3,404,498	\$3,853,124	\$4,561,463	\$5,123,583	\$5,734,508	\$6,185,719
Percent Increase		39.6%	0.2%	13.2%	18.4%	12.3%	11.9%	7.9%
Average Annual Change		39.6%	18.3%	16.5%	17.0%	16.1%	15.4%	14.3%
Average Cost Per Inmate Covered	\$959	\$1,234	\$1,172	\$1,323	\$1,566	\$1,664	\$1,768	\$1,878
Percent Increase		28.6%	-5.0%	12.9%	18.4%	6.2%	6.2%	6.2%
Average Annual Change		28.6%	10.5%	11.3%	13.0%	11.6%	10.7%	10.1%
Increase Over FY 2008 Base Budget							\$1,173,045	\$1,624,256
Department Request							649,138	651,511
Difference							<u>\$523,907</u>	<u>\$972,745</u>
Biennial Difference								<u>\$1,496,652</u>

Sub-Program Details

HR/Training 05

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	21.50	1.00	0.00	22.50	1.00	0.00	22.50	22.50
Personal Services	1,058,870	236,170	0	1,295,040	238,198	0	1,297,068	2,592,108
Operating Expenses	290,373	31,355	0	321,728	30,381	0	320,754	642,482
Total Costs	\$1,349,243	\$267,525	\$0	\$1,616,768	\$268,579	\$0	\$1,617,822	\$3,234,590
General Fund	1,349,243	245,025	0	1,594,268	246,079	0	1,595,322	3,189,590
State/Other Special	0	22,500	0	22,500	22,500	0	22,500	45,000
Total Funds	\$1,349,243	\$267,525	\$0	\$1,616,768	\$268,579	\$0	\$1,617,822	\$3,234,590

Sub-Program Description

This subprogram includes the functions of human resources management and training of employees.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	1,349,243	1,349,243	2,698,486	84.60%	1,349,243	1,349,243	2,698,486	83.43%
Statewide PL Adjustments	192,826	195,980	388,806	12.19%	192,826	195,980	388,806	12.02%
Other PL Adjustments	52,199	50,099	102,298	3.21%	74,699	72,599	147,298	4.55%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$1,594,268	\$1,595,322	\$3,189,590		\$1,616,768	\$1,617,822	\$3,234,590	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2010-----					-----Fiscal 2011-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				240,341					242,454
Vacancy Savings				(51,968)					(52,053)
Inflation/Deflation				4,453					5,579
Total Statewide Present Law Adjustments				\$192,826					\$195,980
DP 701 - HR Training Support									
1.00	52,199	0	0	52,199	1.00	50,099	0	0	50,099
DP 702 - Training Manuals									
0.00	0	2,500	0	2,500	0.00	0	2,500	0	2,500
DP 703 - Early Return to Work									
0.00	0	20,000	0	20,000	0.00	0	20,000	0	20,000
Total Other Present Law Adjustments									
1.00	\$52,199	\$22,500	\$0	\$74,699	1.00	\$50,099	\$22,500	\$0	\$72,599
Grand Total All Present Law Adjustments				\$267,525					\$268,579

DP 701 - HR Training Support - This decision package requests \$102,298 general fund and 1.00 FTE for the biennium for a position based in Billings that would handle training and human resources issues for department staff in eastern Montana.

DP 702 - Training Manuals - This decision package requests \$5,000 state special revenue for the biennium for fees collected to offset the cost of printing and preparing training manuals for department and law enforcement employees.

DP 703 - Early Return to Work - This decision package requests \$40,000 state special revenue for the biennium for the early return to work program. The source of these funds is a 5 percent credit that is provided by State Fund based upon an agreement between the Department of Administration Workers' Compensation Management Bureau and state fund. The department would like to use these funds to implement safety initiatives to further reduce the number and severity of work place injuries and to enhance the Early Return to Work Program for injured employees.

**LFD
ISSUE**

Should Funds be used to Offset Costs

The legislature may wish to require that the department utilize the credit received from the State Fund to offset general fund expended for workers compensation premiums.

Sub-Program Details

Health, Planning and Information Svcs 06

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	33.00	0.00	0.00	33.00	0.00	0.00	33.00	33.00
Personal Services	1,957,563	357,888	0	2,315,451	366,312	0	2,323,875	4,639,326
Operating Expenses	1,035,567	73,127	25,000	1,133,694	74,162	0	1,109,729	2,243,423
Total Costs	\$2,993,130	\$431,015	\$25,000	\$3,449,145	\$440,474	\$0	\$3,433,604	\$6,882,749
General Fund	2,993,130	431,015	25,000	3,449,145	440,474	0	3,433,604	6,882,749
Total Funds	\$2,993,130	\$431,015	\$25,000	\$3,449,145	\$440,474	\$0	\$3,433,604	\$6,882,749

Sub-Program Description

This sub program includes the functions such as medical case management, information technology and planning.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	2,993,130	2,993,130	5,986,260	86.97%	2,993,130	2,993,130	5,986,260	86.97%
Statewide PL Adjustments	363,576	372,557	736,133	10.70%	363,576	372,557	736,133	10.70%
Other PL Adjustments	67,439	67,917	135,356	1.97%	67,439	67,917	135,356	1.97%
New Proposals	25,000	0	25,000	0.36%	25,000	0	25,000	0.36%
Total Budget	\$3,449,145	\$3,433,604	\$6,882,749		\$3,449,145	\$3,433,604	\$6,882,749	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----						-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					454,364					463,141
Vacancy Savings					(96,476)					(96,829)
Inflation/Deflation					5,688					6,245
Total Statewide Present Law Adjustments					\$363,576					\$372,557
DP 602 - Software Maintenance										
	0.00	67,439	0	0	67,439	0.00	67,917	0	0	67,917
Total Other Present Law Adjustments										
	0.00	\$67,439	\$0	\$0	\$67,439	0.00	\$67,917	\$0	\$0	\$67,917
Grand Total All Present Law Adjustments					\$431,015					\$440,474

DP 602 - Software Maintenance - This decision package requests \$135,356 general fund for the biennium for software maintenance for the staff scheduling and canteen/commissary systems purchased and implemented in FY 2008. The funding to purchase the software in FY 2008 was provided as a one-time-only appropriation and is not included in the base budget.

LFD COMMENT

The canteen/commissary function is supported by a combination of general fund and state special revenue. In general, personal services costs are supported by the general fund, while merchandise and operating costs are supported by state special revenue from sales.

New Proposals

New Proposals										
-----Fiscal 2010-----						-----Fiscal 2011-----				
Sub Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 601 - PREA Supplies - (Bien/OTO)										
06	0.00	15,000	0	0	15,000	0.00	0	0	0	0
DP 604 - Research Electronic Records - OTO										
06	0.00	10,000	0	0	10,000	0.00	0	0	0	0
Total	0.00	\$25,000	\$0	\$0	\$25,000 *	0.00	\$0	\$0	\$0	\$0 *

DP 601 - PREA Supplies - (Bien/OTO) - This decision package requests \$15,000 general fund as a biennial, one-time-only appropriation for supplies and training to support the department's Prison Rape Elimination Act (PREA) Coordinator. Items that would be purchased with this funding include fire arms, fire arms equipment, evidence equipment, training, travel, and office rent.

DP 604 - Research Electronic Records - OTO - This decision package requests \$10,000 general fund as a one-time-only appropriation for the Health Planning and Information Services Division to contract with a company to evaluate the need for electronic medical records.

Program Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	263.00	263.00	278.00	284.00	263.00	284.00	21.00	7.98%
Personal Services	13,479,826	14,147,948	15,558,440	15,899,626	27,627,774	31,458,066	3,830,292	13.86%
Operating Expenses	39,504,412	43,485,522	51,436,278	55,881,959	82,989,934	107,318,237	24,328,303	29.31%
Total Costs	\$52,984,238	\$57,633,470	\$66,994,718	\$71,781,585	\$110,617,708	\$138,776,303	\$28,158,595	25.46%
General Fund	52,457,345	57,079,301	66,281,922	71,065,555	109,536,646	137,347,477	27,810,831	25.39%
State Special	526,893	554,169	712,796	716,030	1,081,062	1,428,826	347,764	32.17%
Total Funds	\$52,984,238	\$57,633,470	\$66,994,718	\$71,781,585	\$110,617,708	\$138,776,303	\$28,158,595	25.46%

Program Description

The Adult Community Corrections Division includes probation and parole; intensive and enhanced supervision programs; and male and female community corrections programs that include Treasure State Correctional Treatment Center (TSCTC or boot camp), chemical dependency treatment programs, driving under the influence (DUI) treatment facilities, methamphetamine treatment facilities, assessment, sanction, and revocation centers, and various other programs targeted at diverting offenders from prison. The department contracts with nonprofit corporations in Great Falls, Missoula, Billings, Bozeman, Butte, and Helena for prerelease services.

Program Highlights

Community Corrections Division Major Budget Highlights	
<ul style="list-style-type: none"> ◆ Funding for this program increases 25.5 percent (\$28.2 million) when the 2009 and 2011 biennia are compared; general fund increases 25.4 percent (\$27.8 million) over this same time period ◆ General fund increases, in addition to statewide present law adjustments, are due to: <ul style="list-style-type: none"> • Annualization of sex offender treatment to be opened late in FY 2009, \$10.6 million • Increases in community corrections beds, \$6.1 million • Annualization of the cost of prerelease beds, \$4.2 million • Annualization of costs for a northwestern Montana prerelease center to be opened in the spring of 2009, \$2.0 million • Additional probation and parole officers (14.00 FTE in FY 2010 and an additional 6.00 FTE in FY 2011), \$1.9 million • Annualization of the costs of treatment beds, \$1.7 million officers ◆ The department anticipated that male community placements will increase by more than 11 percent per year, while female community placements do not increase ◆ State special revenue increases 32.2 percent (\$0.3 million) due to a requested increase in spending authority for supervision fees ◆ Continuation of funding for mental health services and medication for offenders in the community is requested , \$0.9 million general fund 	

Major LFD Issues
<ul style="list-style-type: none"> ◆ In some cases it is not apparent how the program objectives relate to the agency goal ◆ Proposed program expansions do not appear to be based upon measurable objectives related to program effectiveness ◆ The legislature may wish to provide funding for medications for offenders as a restricted appropriation

Program Narrative

Goals and Objectives:

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- Goals, objectives and year-to-date outcomes from the 2009 biennium
- Goals and objectives and their correlation to the 2011 biennium budget request

2009 Biennium Major Goals

The following provides an update on the major goals monitored during the current interim.

Goal 1 - Establish Prerelease Center in Northwestern Montana

- Status
 - A request for proposals (RFP) was issued in July, 2008 and the department expected to award a contract for the center on October 27, 2008 with an anticipated opening date of April 1, 2009

Goal 2 – Reduce technical violations within the probation and parole population from 13 to 12 percent by June 30, 2009 following the addition of chemical dependency services available via contracts.

- Successes
 - As of June, 2008 the FY 2008 year to date revocations for technical violations were 5.5 percent and the department was on track to achieve a rate at or below the goal

Goal 3 – Recognizing that methamphetamine treatment is as necessary as incarceration and given that alternative sentencing and placement of offenders in community based treatment facilities has been effective for treating offenders, the Department of Corrections is seeking to establish baseline data related to these methamphetamine treatment facilities to measure their effectiveness in reducing recidivism.

- Successes
 - First graduation of women occurred on January 3, 2008 and of men on February 29, 2008
 - As of September, 2008 - 35 of the women and 67 of the men graduating remained active in or had completed the prerelease segment of the program and were continuing on community supervision
 - The department has entered a contract to establish data collection requirements and received an initial report from the contractor
- Challenges
 - As of September, 2008 12 women and 38 men were returned to prison prior to completing the program

Goal 4 – Recognizing that revocation and sanction programs are effective for helping divert offenders placed in community corrections programs/probation/parole from returning to prison while holding offenders accountable for their actions, Department of Corrections is seeking to establish baseline data related to these programs.

- Successes

- As of June 2008, 66 percent of the men and 92 percent of the women served by the revocation and sanction centers had returned to the community
- Challenges
 - As of June 2008, 21 percent of the men and 8 percent of the women served by the revocation and sanction centers returned to prison

Goal 5 – Develop mental health resources and programs to serve eligible offenders supervised by the Department of Corrections, Adult Community Corrections Division (funds transferred from the Department of Public Health and Human Services)

- Successes
 - Contracts entered into in five locations in the state
 - Partial data for FY 2008 indicates that 165 offenders in Helena and Butte received services including case management, individual therapy, evaluations, group therapy, and dialectic behavioral therapy

Goal 6 – Provide targeted mental health training to probation and parole officers within each region of adult community corrections.

- Successes
 - As of June 2008, 352 hours of mental health services and 1,456 hours of substance abuse training had been delivered

Goal 7 – To create a mental health pharmacy benefit to serve eligible offenders supervised by the Department of Corrections Adult Community Corrections Division (funds transferred from the Department of Public Health and Human Services).

- Successes
 - As of September 2008, over 70 medication support request forms had been submitted
 - As of September 2008, 8 applications for supplemental security income or social security disability income had been filed
- Challenges
 - Usage of the appropriation was restricted by the legislature to use for purchase of the medication. Over the interim the department has identified access to the services of an authorized prescriber and medication management as a barrier to accessing medications

2011 Biennium Major Goals

The following provides an overview of major goals for the 2011 interim.

Goal 1 – To operate correctional programs that emphasize offender accountability and rehabilitation, staff professionalism and responsibility, public safety, and efficient use of taxpayer dollars.

- Objectives
 - Gain adequate funding for continued community programming especially in the area of substance abuse
 - Better utilize the Intensive Supervision Programs as an alternative to imprisonment
 - Maintain the utilization of urinalysis monitoring as outlined by federal guidelines

Goal 2 – To provide an employment and program environment based on professionalism, personal responsibility, and respect for each individual.

- Objectives:
 - Improve the rate of collection of supervision fees
 - Expand community corrections programs that are cost effective and serve as a viable alternative to incarceration
 - Enhance professionalism, staff salaries, and staff retention and recruitment by utilization of the competency based management program

- Ensure that the methamphetamine programs are properly monitored and provide data indicating effectiveness

**LFD
ISSUE**
Correlation Between Objective and Goal is Unclear

The objectives above for both goals could be improved by making the correlation between the objective and goal clearer so that readers not familiar with the correctional system could understand how the objective contributes toward achievement of the goal. For example, it is difficult to understand how expansion of community programs contributes to an employment and program environment based on professionalism, personal responsibility and respect for each individual. Because the goal and objective provided do not indicate a time frame for achievement and it is unclear how and when progress toward this goal and objectives can be measured it is difficult to identify what outcome or achievement is being purchased or supported by the expenditure of funds for the functions of this program. The legislature may wish to discuss with the department how to restate this objective in a manner that clearly identifies (for readers unfamiliar with correctional systems) how the objective correlates to the goal, and how and when progress will be measured.

Population Growth

Figure 5 summarizes the growth in the average daily population (ADP) of offenders anticipated by the department in programs managed and supervised by community corrections. Male community placements are estimated to grow by more than 11.0 percent per year in the 2011 biennium while no growth in female community placements is estimated for this time period. Intensive supervision is projected to grow just over 4.0 percent per year in the coming biennium and probation and parole by 3.8 percent per year over the same time period.

Figure 5 Summary of Community Corrections Population									
Basis	Fiscal Year	Alternatives to Prison				Probation/Parole		Intensive Supervision	
		Male	% Change	Female	% Change	Number	% Change	Number	% Change
Projected	2011	1,578	11.2%	371	0.0%	9614	3.8%	378	4.1%
Projected	2010	1,419	11.3%	371	0.0%	9260	3.8%	363	4.0%
Projected	2009	1,275	3.3%	371	36.4%	8918	3.5%	349	12.9%
Actual	2008	1,234	13.3%	272	16.7%	8618	5.3%	309	-6.6%
Actual	2007	1,089	15.4%	233	18.3%	8185	7.8%	331	8.5%
Actual	2006	944	14.0%	197	13.2%	7594	6.6%	305	5.9%
Actual	2005	828	7.4%	174	4.8%	7123	3.8%	288	12.9%
Actual	2004	771		166		6863		255	

Additional information is included in the agency narrative regarding the historical and anticipated rate of growth for various components of the correctional population.

The executive budget request includes a number of decision packages annualizing the costs of programs implemented or to be implemented in the 2009 biennium and to further expand the number of beds available in the 2011 biennium. Figure 6 summarizes decision packages included in the 2011 biennium budget request for community corrections and secure care, and provides information regarding related budget items from the 2009 biennium budget approved by the legislature. The expanded narrative below was provided and relates to annualization and expansion of both community corrections beds and programs and secure care. It is included in this program since much of the expansion occurs in community alternatives.

Figure 6
Community Corrections and Secure Care
Executive Budget for the 2011 Biennium Compared to 2009 Biennium Legislative Action
Summary of Annualization and Expansion Decision Packages

2009 Biennium Legislature Action						2011 Biennium Request			
2011 Bien DP No.	DP Title	Number of Beds/Slots	Amount	Begin Date	Includes	Amount	Type of Increase	Number of Beds/Slots	Includes
Community Corrections									
DP 201	Probation and Parole Growth		\$3,223,986	07/01/07	New FTE	\$1,916,799	New FTE		14.00 FTE in FY 2010 and 6.00 Additional in FY 2011
DP 203	Annualize Treatment Beds*	422	13,278,960		Over Base	1,708,076	Over Base	454	Methamphetamine, Passages, Connections, WATCH
DP 204	Annualize Prerelease Beds*	1,072	11,544,714		Over Base	4,171,990	Over Base	1,078	Prerelease beds, transitional and enhanced living slots
DP 205	Annualize Sex Offender Facility	136	6,205,000	07/01/08	New Beds	10,585,000	Base is zero	116	New Facility, Spring 2009 Opening Anticipated
DP 206	Annualize NW Prerelease	50	1,186,250	07/01/08	New Beds	1,956,400	Base is zero	40	New Facility, Spring 2009 Opening Anticipated
DP 220	Annualize MASC***	no change	5,444,928	01/01/08	Move Facility	546,680	Over Base	141	Missoula Assessment and Sanction Center
Subtotal Existing Beds (by June 30, 2009)		1,680	\$40,883,838			\$20,884,945		1,829	
DP 207	Annualize Addl Prerelease Beds	See Above - NW Prerelease				489,100	Expansion	20	New Beds FY 2011, Salish Kootenai Prerelease
DP 214	Great Falls Prerelease Beds					963,600	Expansion	33	New Beds FY 2011, Special Needs
DP 215	Additional WATCH Beds					1,169,460	Expansion	50	New Beds FY 2011, Expansion
DP 216	Additional START Beds					1,861,500	Expansion	30	New Beds FY 2010, Expansion
DP 218	Additional Connections Beds	0	0			1,569,500	Expansion	50	New Beds FY 2011, Expansion
Subtotal New/Expansion Beds		0				\$6,053,160		183	
Total Community Corrections		1,680	\$40,883,838			\$26,938,105		2,012	
Secure Care									
DP 311	Contract Beds - Annualization	1,024	1,699,135		Over Base	4,689,920	Over Base	937	Includes Dawson, Cascade, CCA, County Jail Hold
DP 311	Contract Beds - Expansion	50	1,058,500	07/01/08	Dawson	4,752,012	Expansion	134	FY 2010 84 beds county jail, FY 2011 50 beds Dawson
DP 312	Contract Beds - Pop Growth**	78	2,309,173	Unspecified	Unspecified	838,255	Expansion	37	Unspecified Location
DP 314	Word Dorm Expansion	100	3,115,067	07/01/08		4,834,683	Expansion	108	34.00 FTE and operating costs
Total Secure Care		1,252	\$8,181,875			\$15,114,870		1,216	
Total Community and Secure		2,932	\$49,065,713			\$42,052,975		3,228	

*2011 Biennium includes START in prerelease and 2009 biennium includes START in treatment beds.

**Includes funding for additional sex offender treatment hours related to SB 547 of \$1,852,155 for the biennium.

***MASC moved from secure to community

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: The goal of the department is to continue to manage 80 percent of offenders outside of prison. To achieve this balanced supervision and maintain adequate capacity for the offender population, the department proposes funding for additional beds and for continued operation of existing programs. These include prerelease centers, a new sex offender treatment facility, drug and alcohol treatment programs, staffing for the expanded work and re-entry center (work dorm) at Montana State Prison, and regional prison contract payments. In addition to the bed expansion, the department has requested 20 additional probation and parole staff to handle the estimated increase of 655 offenders in that program during the biennium.

Project Outcomes: Maintain 80 percent of the offenders outside of prison and 20 percent of the offenders in prison. Quarterly population management updates will demonstrate the actual percentages in relation to programs in place.

Project Criteria and Milestones:

- The Elkhorn Methamphetamine Treatment Center's first graduation was January 3, 2008. Completion of prerelease and return to the community began in July 2008
- The Nexus Methamphetamine Treatment Center's first graduation was February 29, 2008. Completion of prerelease and return to the community began in September and October 2008.
- On September 15, 2008 Professor Tim Conley from the School of Social Work at the University of Montana completed the initial evaluation of the first participants in the two residential methamphetamine treatment programs. In addition, contractors also submitted first-year data
- Future reports will be provided each September and be based upon the initial work of Professor Conley, contractor data, and the following additional data: number of offenders successfully participating on probation and parole, number of offenders who discharge sentence, number of offenders sanctioned for violations of probation and parole rules, and number of offenders who relapse while on probation and parole
- The Work and Re-entry Center (work dorm) is scheduled for occupancy on December 1, 2008
 - Within one year of opening the additional beds will be filled and the housing unit should be running at its operating capacity
 - The number of inmates that have been removed from the work center and moved into the MSP compound due to misconduct or other issues will be reviewed and compared to percentages from previous years. The number of inmates removed due to treatment needs or other non-disciplinary issues may indicate the need for more treatment or other inmate services. Reporting will be completed December 2009 and December 2010
 - The cost per day of MSP and the work center for FY 2009 and FY 2010 will be calculated. The cost for FY2009 will be available by October 2, 2009 and the cost for FY 2010 will be available by October 1, 2010. Comparisons to previous fiscal years will be made to review cost increases or decreases
- NW Prerelease contract is scheduled to be awarded October 27, 2008 and operational April 1, 2009. Fiscal year reports, issued in September of each year, will detail the following criteria: number of offenders screened; number of offenders admitted and the number that successfully completed the program; demographic information; number of offenders treated for drugs and alcohol, mental health issues, and sex offender treatment, number of offenders receiving continuing education and completing GED programs while in the facility; and job placement rates and average salaries to the offenders
- Sex Offender Treatment Program contract is scheduled to be awarded on or before November 14, 2008 and the program is expected to be operational April 1, 2009.
 - Fifteen months after the opening date, the contractor will issue the first program report which will contain a narrative of what happened the first year, the number of offenders who completed the treatment by tier/level designation, the number of offenders who dropped out of the program and

reason for failure by tier/level destination, the number of offenders who transition to prerelease and the intensive the intensive supervision program, and a record of types of sexual offense committed

- Fifteens months after the first report, the contractor will issue a second report with the same information identified above as well as the number of offenders who successfully completed the treatment program, prerelease and intensive supervision, and the number of offenders who successfully completed the treatment program but failed in prerelease or intensive supervision (including reasons for failure)
 - The new contract for the Sanction Treatment Assessment Revocation and Transition (START) program is scheduled to be awarded in November 2008. The department will continue to collect yearly data that includes the number of revocations and length of stay, and the number of sanctions received and length of stay, revocations that were transferred to our prison system, treatment hours and groups provided, victimology groups provided, mental health evaluations and drug stabilizations provided, and Cognitive Principles & Restructuring groups provided
 - The addition of mental health specialized beds will require specific reporting to include: how many sanctioned offenders are we able to stabilize and have they returned successfully to a community corrections program, how many revocations we are able to evaluate and stabilize and place without going to prison, and the number of evaluations performed and medication service provided

FTE: The department requests 20.00 FTE probation and parole staff, 34.00 FTE for various positions for current Montana State Prison operations and the expanded Work and Re-entry Center.

Funding: General fund

Obstacles: The challenges lie in maintaining the proper balance of inmates in prisons and offenders in alternative placements without jeopardizing the safety and security of the facilities, programs, and general public. The siting of the sex offender treatment facility also may provide a challenge, due to the controversial nature of the population served. In addition, if the number of offenders adjudicated by the courts increases substantially, the current bed numbers will not be sufficient and the department will need to look at other housing options. This could consist of overfilling current prison facilities or community placements beds.

Risks: The current legislative requests maintain the current correctional system infrastructure and allow for projected inmate growth. If the requests are not funded, the department will need to reduce current secure bed contracts and programs. This will result in the requirement to overfill current state-run facilities, which can lead to longer lengths of prison stays and pose threats to safe and secure operation of the facilities.

LFD ISSUE

Why Choose These Programs for Expansion

The justification above provides a great deal of information that is specific to individual programs and indicates the department's goal of maintaining 80 percent of offenders in alternatives to prison and 20 percent in prison. What the information does not do is provide a reader a sense of the larger picture and philosophical rationale for selecting these particular programs for expansion. The information above does not provide a clear picture of which expansions have a desirable impact on broader indicators of system success such as recidivism, revocations or growth rates, nor does it quantify what change in these indicators might reasonably be expected or established as a benchmark for future evaluation of achievement. The legislature is left with little quantifiable information to determine which items provide the largest return on investment or whether the return on investment in treatment type programs is greater than the return on investment of simply housing offenders in prison. The legislature might wish to:

- Discuss with the department the broader, philosophical rationale for choosing these program areas for expansion
- Discuss with the department what measurable objectives could be developed that would indicate the anticipated impact that might be expected on recidivism, revocations, and future growth
- Recommend that progress toward these goals be monitored during the interim

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

Program Funding Table Adult Community Corrections						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 52,457,345	99.0%	\$ 66,281,922	98.9%	\$ 71,065,555	99.0%
01100 General Fund	52,457,345	99.0%	66,281,922	98.9%	71,065,555	99.0%
02000 Total State Special Funds	526,893	1.0%	712,796	1.1%	716,030	1.0%
02261 P & P Supervisory Fee	526,893	1.0%	712,796	1.1%	716,030	1.0%
Grand Total	\$ 52,984,238	100.0%	\$ 66,994,718	100.0%	\$ 71,781,585	100.0%

Funding for this program is provided primarily by the general fund (99 percent), with a small amount of state special revenue (1 percent) coming from probation and parole supervisory fees paid by offenders.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	52,457,345	52,457,345	104,914,690	76.39%	52,984,238	52,984,238	105,968,476	76.36%
Statewide PL Adjustments	1,541,124	1,621,918	3,163,042	2.30%	1,541,454	1,622,248	3,163,702	2.28%
Other PL Adjustments	11,351,335	15,771,550	27,122,885	19.75%	11,536,908	15,960,357	27,497,265	19.81%
New Proposals	932,118	1,214,742	2,146,860	1.56%	932,118	1,214,742	2,146,860	1.55%
Total Budget	\$66,281,922	\$71,065,555	\$137,347,477		\$66,994,718	\$71,781,585	\$138,776,303	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----						-----Fiscal 2011-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				2,004,776					2,073,529	
Vacancy Savings				(619,389)					(622,135)	
Inflation/Deflation				156,067					170,854	
Total Statewide Present Law Adjustments				\$1,541,454					\$1,622,248	
DP 201 - Probation and Parole Population Growth	14.00	843,107	0	0	843,107	20.00	1,073,692	0	0	1,073,692
DP 202 - TSCTC Full Time Registered Nurse	1.00	59,397	0	0	59,397	1.00	57,367	0	0	57,367
DP 203 - Annualize Treatment Beds	0.00	854,038	0	0	854,038	0.00	854,038	0	0	854,038
DP 204 - Annualize Prerelease Beds	0.00	2,085,995	0	0	2,085,995	0.00	2,085,995	0	0	2,085,995
DP 205 - Annualize Sex Offender Facility	0.00	5,292,500	0	0	5,292,500	0.00	5,292,500	0	0	5,292,500
DP 206 - Annualize Northwest Prerelease	0.00	978,200	0	0	978,200	0.00	978,200	0	0	978,200
DP 207 - Annualize Additional Prerelease Beds	0.00	0	0	0	0	0.00	489,100	0	0	489,100
DP 210 - TSCTC Overtime	0.00	34,008	0	0	34,008	0.00	34,008	0	0	34,008
DP 211 - Spending Authority for GPS Monitoring	0.00	0	35,573	0	35,573	0.00	0	38,807	0	38,807
DP 212 - Spending Authority for Supervision Fees	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000
DP 214 - Great Falls PRC Additional Beds	0.00	0	0	0	0	0.00	963,600	0	0	963,600
DP 215 - Additional WATCH Beds	0.00	0	0	0	0	0.00	1,169,460	0	0	1,169,460
DP 216 - Additional START Beds	0.00	930,750	0	0	930,750	0.00	930,750	0	0	930,750
DP 218 - Additional Connections Corrections Beds	0.00	0	0	0	0	0.00	1,569,500	0	0	1,569,500
DP 220 - Annualize MASC	0.00	273,340	0	0	273,340	0.00	273,340	0	0	273,340
Total Other Present Law Adjustments										
15.00	\$11,351,335	\$185,573	\$0	\$11,536,908	21.00	\$15,771,550	\$188,807	\$0	\$15,960,357	
Grand Total All Present Law Adjustments				\$13,078,362					\$17,582,605	

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- o **Market Rate** – The program market ratio is estimated to be 98.3 percent compared to the 2006 market survey with a decline to 92.0 percent estimated when compared to the 2008 market survey. Market rates for probation officers (PO) are significantly greater than for other agency occupations. It is anticipated that the union representing probation and parole officers will seek pay above market while the average for POs will drop below market overall. All supervisor manager classes in the chain of command above Probation and Parole Officer are subject to a “career ladder” pay system designed to allow PO’s to move to the higher level as a career step. Markets do not currently exist for these supervisory classes specific to the community corrections system, so the established pay ranges utilized do not match up with the market data generated for their “classification title”. As a consequence market ratio data is skewed for those employees/positions. “Secretaries” in this program are bargaining unit members in two different jobs (clerical support and PO technician) in the regional offices. Their negotiated pay rates are both higher than the market data published for the class they are assigned to. Drill Instructors are non-union, compare themselves to correctional officers (CO), and are often recruited from the CO staff. The agency needed to constructed a custom pay range (for drill instructors) to maintain competitiveness and equity with COs at Montana State Prison, which is an internal competitor for these positions.

- o **Vacancy** - We have challenges hiring Drill Instructors for Treasure State Correctional Training Center (TSCTC or boot camp). Treasure State (Boot Camp) is chronically short staffed. Probation and Parole Officer vacancies take a period of time to fill, train, and bring employees up to expected operational levels resulting in higher caseloads on remaining staff. This increased workload may result in less frequent and detailed "home visits", off hours bar checks, etc., and a generally reduced ability to supervise a large caseload.
- o **Legislatively applied vacancy savings** – TSCTC was exempt from the legislatively applied vacancy savings for the 2009 biennium. Probation and parole was not able to meet the legislatively applied vacancy savings rate and was approximately \$330,000 over budget in personal services. The program was able to move funding from the operating budget to the personal services budget to supplement the shortfall.
- o **Pay Changes** - Non-union staff, which are in the minority in this program, were placed on the department five year entry to market progression plan in July 2007. Union PO had been moved in part onto a market based system in the previous biennium, but had negotiated expenditure of a disproportionate amount of available funds on adjustments for a small segment of officers whom they believed to have been historically underpaid. Consequently, there were many remaining officers who were not at their target increment relevant to 2006 market data, and those staff salaries were adjusted effective January 20, 2007. The program was able to fund pay changes using the operating budget.
- o **Retirements** - Based on our review a total of 33 positions total are projected to be eligible for retirement with an estimated liability of \$544,158. This includes 5 upper level managers, 5 mid level managers, 20 officers and 3 support positions. The department doesn't anticipate significant program impacts due to retirements because there is a developed career path in place and entry level officer positions have been successfully filled through recruitment efforts.

New Proposals

New Proposals										
Program	FTE	Fiscal 2010				Fiscal 2011				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 208 - Annualize Mental Health Meds and Services										
02	0.00	429,493	0	0	429,493	0.00	429,493	0	0	429,493
DP 209 - Watch East Repairs - (Bien/OTO)										
02	0.00	110,000	0	0	110,000	0.00	0	0	0	0
DP 219 - Pre-Release/Treatment Prog Per Diem Rate Increase										
02	0.00	392,625	0	0	392,625	0.00	785,249	0	0	785,249
Total	0.00	\$932,118	\$0	\$0	\$932,118 *	0.00	\$1,214,742	\$0	\$0	\$1,214,742 *

Sub-Program Details**COMMUNITY CORRECTION ADMIN 01****Sub-Program Proposed Budget**

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	14.50	0.00	0.00	14.50	0.00	0.00	14.50	14.50
Personal Services	768,160	60,951	0	829,111	66,455	0	834,615	1,663,726
Operating Expenses	120,796	4,457	0	125,253	5,136	0	125,932	251,185
Total Costs	\$888,956	\$65,408	\$0	\$954,364	\$71,591	\$0	\$960,547	\$1,914,911
General Fund	870,596	65,408	0	936,004	71,591	0	942,187	1,878,191
State/Other Special	18,360	0	0	18,360	0	0	18,360	36,720
Total Funds	\$888,956	\$65,408	\$0	\$954,364	\$71,591	\$0	\$960,547	\$1,914,911

Sub-Program Description

This subprogram includes the centralized management functions of the Community Corrections Division.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	870,596	870,596	1,741,192	92.71%	888,956	888,956	1,777,912	92.85%
Statewide PL Adjustments	65,408	71,591	136,999	7.29%	65,408	71,591	136,999	7.15%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$936,004	\$942,187	\$1,878,191		\$954,364	\$960,547	\$1,914,911	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					95,498					101,229
Vacancy Savings					(34,547)					(34,774)
Inflation/Deflation					4,457					5,136
Total Statewide Present Law Adjustments					\$65,408					\$71,591
Grand Total All Present Law Adjustments					\$65,408					\$71,591

Sub-Program Details**TREASURE STATE CORRECTIONAL TRAINI 02****Sub-Program Proposed Budget**

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	26.50	1.00	0.00	27.50	1.00	0.00	27.50	27.50
Personal Services	1,316,419	92,555	0	1,408,974	98,207	0	1,414,626	2,823,600
Operating Expenses	432,830	14,446	0	447,276	13,524	0	446,354	893,630
Total Costs	\$1,749,249	\$107,001	\$0	\$1,856,250	\$111,731	\$0	\$1,860,980	\$3,717,230
General Fund	1,749,249	107,001	0	1,856,250	111,731	0	1,860,980	3,717,230
Total Funds	\$1,749,249	\$107,001	\$0	\$1,856,250	\$111,731	\$0	\$1,860,980	\$3,717,230

Sub-Program Description

This subprogram includes the operation of the Treasurer State Correctional Training Center (TSCTC), also known as the boot camp, located in Deer Lodge.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	1,749,249	1,749,249	3,498,498	94.12%	1,749,249	1,749,249	3,498,498	94.12%
Statewide PL Adjustments	13,596	20,356	33,952	0.91%	13,596	20,356	33,952	0.91%
Other PL Adjustments	93,405	91,375	184,780	4.97%	93,405	91,375	184,780	4.97%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$1,856,250	\$1,860,980	\$3,717,230		\$1,856,250	\$1,860,980	\$3,717,230	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2010-----					-----Fiscal 2011-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				56,676					62,487
Vacancy Savings				(54,926)					(55,155)
Inflation/Deflation				11,846					13,024
Total Statewide Present Law Adjustments				\$13,596					\$20,356
DP 202 - TSCTC Full Time Registered Nurse									
1.00	59,397		0	0	59,397	1.00	57,367	0	0
DP 210 - TSCTC Overtime									
0.00	34,008		0	0	34,008	0.00	34,008	0	0
Total Other Present Law Adjustments									
1.00	\$93,405		\$0	\$0	\$93,405	1.00	\$91,375	\$0	\$0
Grand Total All Present Law Adjustments				\$107,001					\$111,731

DP 202 - TSCTC Full Time Registered Nurse - This decision package requests \$116,764 general fund for the biennium for 1.00 FTE nurse for Treasure State Correctional Training Center (TSCTC). This FTE is in addition to an existing 0.50 FTE and would be used to provide medical coverage and improve the ability of the facility to have qualified medical staff pass medications.

DP 210 - TSCTC Overtime - This decision package requests \$68,016 for the biennium (\$34,008 per year) for overtime and holidays worked expenses, which are zero based for budgeting purposes and not included in the base budget.

**LFD
COMMENT**

Funding in this request is consistent with the amount expended in FY 2008, the base budget year.

Sub-Program Details**PRE-RELEASE 03****Sub-Program Proposed Budget**

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
Operating Expenses	20,160,723	3,994,945	616,639	24,772,307	5,447,645	803,786	26,412,154	51,184,461
Total Costs	\$20,160,723	\$3,994,945	\$616,639	\$24,772,307	\$5,447,645	\$803,786	\$26,412,154	\$51,184,461
General Fund	20,160,723	3,994,945	616,639	24,772,307	5,447,645	803,786	26,412,154	51,184,461
Total Funds	\$20,160,723	\$3,994,945	\$616,639	\$24,772,307	\$5,447,645	\$803,786	\$26,412,154	\$51,184,461

Sub-Program Description

This subprogram includes community based prerelease centers that are used to transition offenders from prison to the community or as a diversion alternative to prison. The department contracts with nonprofit corporations in great Falls, Missoula, Billings, Bozeman, Butte, and Helena for prerelease services. By the end of the 2009 biennium the department plans to have a prerelease center in Kalispell open and included in the budget request is a 20 bed prerelease center to be located on the Confederated Salish and Kootenai Reservation.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	20,160,723	20,160,723	40,321,446	78.78%	20,160,723	20,160,723	40,321,446	78.78%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	3,994,945	5,447,645	9,442,590	18.45%	3,994,945	5,447,645	9,442,590	18.45%
New Proposals	616,639	803,786	1,420,425	2.78%	616,639	803,786	1,420,425	2.78%
Total Budget	\$24,772,307	\$26,412,154	\$51,184,461		\$24,772,307	\$26,412,154	\$51,184,461	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments											
-----Fiscal 2010-----						-----Fiscal 2011-----					
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds	
DP 204 - Annualize Prerelease Beds											
0.00	2,085,995		0	0	2,085,995	0.00	2,085,995		0	0	2,085,995
DP 206 - Annualize Northwest Prerelease											
0.00	978,200		0	0	978,200	0.00	978,200		0	0	978,200
DP 207 - Annualize Additional Prerelease Beds											
0.00	0		0	0	0	0.00	489,100		0	0	489,100
DP 214 - Great Falls PRC Additional Beds											
0.00	0		0	0	0	0.00	963,600		0	0	963,600
DP 216 - Additional START Beds											
0.00	930,750		0	0	930,750	0.00	930,750		0	0	930,750
Total Other Present Law Adjustments											
0.00	\$3,994,945		\$0	\$0	\$3,994,945	0.00	\$5,447,645		\$0	\$0	\$5,447,645
Grand Total All Present Law Adjustments				\$3,994,945		\$5,447,645					

DP 204 - Annualize Prerelease Beds - This decision package requests \$4.2 million general fund for the biennium to annualize the cost of existing contracted prerelease beds. This reflects the difference between the contracted costs for prerelease beds in FY 2010 and FY 2011 and what was expended in the base budget.

DP 206 - Annualize Northwest Prerelease - This decision package requests \$2.0 million general fund for the biennium (\$978,200 per year) to annualize the cost of 40 prerelease beds in northwest Montana that are expected to open late in FY 2009. Because the facility is not yet open, no costs related to it are included in the base budget

**LFD
COMMENT**

Implementation of a prerelease center in northwestern Montana was one of the 2009 biennium goals and objectives monitored by the Legislative Finance Committee during the interim. Please refer to the program narrative for further information.

DP 207 - Annualize Additional Prerelease Beds - This decision package requests \$459,100 general fund in FY 2011 to fund 20 prerelease beds on the Confederate Salish Kootenai reservation. The department anticipates that this will aid Native American offenders in community re-entry.

**LFD
COMMENT**

Please refer to the program narrative for additional discussion of the annualization and program expansions included in the 2011 biennium budget request.

DP 214 - Great Falls PRC Additional Beds - This decision package requests \$963,600 general fund in FY 2011 for 33 beds that would serve mentally ill offenders and aging/disabled offenders as they transition from secure custody to community placements. These beds would also be utilized as an alternative placement (diversion from prison) for DOC committed offenders with these special needs.

**LFD
COMMENT**

Please refer to the program narrative for additional discussion of the annualization and program expansions included in the 2011 biennium budget request.

DP 216 - Additional START Beds - This decision package requests \$1.9 million general fund for the biennium to expand the Sanction Treatment Assessment Revocation and Transition (START) program by 30 beds. This facility provides services to offenders who have been in community placement and have either been revoked for technical violations or sanctioned by a probation and parole hearings officer and would otherwise go to prison.

**LFD
COMMENT**

Please refer to the program narrative for additional discussion of the annualization and program expansions included in the 2011 biennium budget request.

**LFD
COMMENT**

Use of revocation centers was one of the 2009 biennium goals and objectives monitored by the Legislative Finance Committee during the interim. Please refer to the program narrative for further information.

New Proposals

New Proposals										
Sub Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 208 - Annualize Mental Health Meds and Services										
03	0.00	429,493	0	0	429,493	0.00	429,493	0	0	429,493
DP 219 - Pre-Release/Treatment Prog Per Diem Rate Increase										
03	0.00	187,146	0	0	187,146	0.00	374,293	0	0	374,293
Total	0.00	\$616,639	\$0	\$0	\$616,639 *	0.00	\$803,786	\$0	\$0	\$803,786 *

DP 208 - Annualize Mental Health Meds and Services - This decision package requests \$858,986 general fund for the biennium for mental health medications and services for offenders released from prison to a community corrections facility or to probation or parole. In FY 2008, this funding was a budget transfer from DPHHS.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: National statistics indicate that approximately 16 percent of prison inmates have serious and disabling mental illness. Many more experience mental disorders of some kind, and nearly all have co-occurring substance-use disorders. The public mental health system is eligibility driven, and many offenders releasing from secure custody do not meet the strict poverty and disability criteria. Because of this, many offenders struggle in community placements, self medicating with drugs and alcohol, and eventually return to a correctional facility due to a new crime or violation of the conditions imposed on their community placement.

Project Outcomes: The goal of this project is to reduce the risk factors for recidivism for offenders with mental disorders and support them as they transition to community settings. Stabilizing the symptoms of mental disorders and promoting mental health in these offenders is consistent with the department's mission to enhance public safety, promote positive change in offender behavior, reintegrate offenders into the community, and support victims of crime. The goal will be accomplished by providing mental health treatment services, medication support, assistance with benefit enrollment, and case management and targeted mental health training to community corrections staff.

Project Criteria: Each year of the biennium by October 1st, each of five contractors providing mental health services to offenders on probation and parole (P&P) or in prerelease centers (PRC) will provide a report on mental health services provided to offenders not covered by contracted providers, mental health training for officers, and mental health medication provided offenders not covered by public benefit programs.

Milestones: All reporting for mental health services and medications listed above will be provided by Oct. 1 each year of the biennium.

FTE: None

Funding: General fund

Obstacles: Offenders have struggled to find available prescribers for mental health medications. This has resulted in long waits and under-utilization of the medication funding. Health records are not in electronic form so tracking and reporting on these new programs is a manual and time-consuming process. No dedicated staff was included with the appropriations so duties have been shared across other division staff.

Risks: Offenders with mental disorders and addictions are challenged to meet conditions of their community placement without adequate supports. Many are unable to obtain employment with sufficient medical benefits to cover costly psychotropic medications and treatment needs. These offenders also fall outside the eligibility guidelines for other publicly funded health programs. Without these new programs, offenders are at higher risk of revocation and recidivism due to probation and parole violations, substance abuse to self medicate, and new crimes resulting from unmanaged symptoms of mental illness.

LFD COMMENT

Implementation of the services and medications for offenders program were among the 2009 biennium goals and objectives monitored by the Legislative Finance Committee during the interim. Please refer to the program narrative for further information.

LFD COMMENT

The appropriations act for the 2009 biennium included funding in the Department of Public Health and Human Services budget for services and medications for mentally ill offenders. Funding for this item was transferred to the Department of Corrections during the interim. This decision package requests continuation of this funding as well as some expansion in the manner in which the funds may be used to include professional services of an authorized prescriber.

The legislature provided two appropriations for the 2009 biennium, a restricted, biennial, one-time-only appropriation of \$950,000 general fund for the purchase of medications for offenders under the supervision of community corrections and a restricted appropriation of \$371,647 per year for services. Per language included in the appropriations act:

- o Funding in the medications appropriation could be used “only to provide a prescription benefit for offenders leaving secure care who meet the criteria for serious mental illness and who have not been reenrolled in public benefit programs. Benefits may include a 60 day supply of medications and other short term medication purchases for offenders who become unstable and need medications and who are not eligible for other public prescription drug programs.”
- o Funding in the “Services for Mentally Ill Offenders” could be used for two purposes only; “services for adults under the supervision of the community corrections division in the department of corrections and training for community probation and parole officers”

The portion of the appropriation for services that was expended during the base year (\$189,601) is included in the base budget. However, the portion of the appropriation for medications that was expended (\$2,553) is not included in the base budget because the funding was one-time-only. The amount requested in this decision package would be in addition to the amount expended for services in the base budget resulting in total funding of \$619,094 (\$371,647 for services and \$247,447 for medications) per year.

LFD ISSUE

Should the Appropriation be Restricted

If the legislature wishes to target this funding to particular populations such as offenders transitioning into community settings or at risk of exiting a community setting, it may wish to consider providing this funding as a restricted appropriation that could be used only for the specific purpose determined by the legislature.

DP 219 - Pre-Release/Treatment Prog Per Diem Rate Increase - This decision package requests general fund of \$392,625 in FY 2010 and \$785,249 in FY 2011 for a provider rate increase of 1 percent per year.

Sub-Program Details**PROBATION AND PAROLE 04****Sub-Program Proposed Budget**

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	219.50	14.00	0.00	233.50	20.00	0.00	239.50	239.50
Personal Services	11,261,443	1,893,062	0	13,154,505	2,222,877	0	13,484,320	26,638,825
Operating Expenses	3,395,984	564,603	0	3,960,587	536,073	0	3,932,057	7,892,644
Total Costs	\$14,657,427	\$2,457,665	\$0	\$17,115,092	\$2,758,950	\$0	\$17,416,377	\$34,531,469
General Fund	14,148,894	2,271,762	0	16,420,656	2,569,813	0	16,718,707	33,139,363
State/Other Special	508,533	185,903	0	694,436	189,137	0	697,670	1,392,106
Total Funds	\$14,657,427	\$2,457,665	\$0	\$17,115,092	\$2,758,950	\$0	\$17,416,377	\$34,531,469

Sub-Program Description

This subprogram includes adult probation and parole, day reporting, and intensive supervision officers who supervise offenders who are in the community.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	14,148,894	14,148,894	28,297,788	85.39%	14,657,427	14,657,427	29,314,854	84.89%
Statewide PL Adjustments	1,428,655	1,496,121	2,924,776	8.83%	1,428,985	1,496,451	2,925,436	8.47%
Other PL Adjustments	843,107	1,073,692	1,916,799	5.78%	1,028,680	1,262,499	2,291,179	6.64%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$16,420,656	\$16,718,707	\$33,139,363		\$17,115,092	\$17,416,377	\$34,531,469	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----						-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,813,645					1,870,634
Vacancy Savings					(523,005)					(525,288)
Inflation/Deflation					138,345					151,105
Total Statewide Present Law Adjustments					\$1,428,985	\$1,496,451				
DP 201 - Probation and Parole Population Growth	14.00	843,107	0	0	843,107	20.00	1,073,692	0	0	1,073,692
DP 211 - Spending Authority for GPS Monitoring	0.00	0	35,573	0	35,573	0.00	0	38,807	0	38,807
DP 212 - Spending Authority for Supervision Fees	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000
Total Other Present Law Adjustments										
	14.00	\$843,107	\$185,573	\$0	\$1,028,680	20.00	\$1,073,692	\$188,807	\$0	\$1,262,499
Grand Total All Present Law Adjustments					\$2,457,665	\$2,758,950				

DP 201 - Probation and Parole Population Growth - This decision package requests \$1.9 million general fund to add 10 probation and parole officers, 1 intensive supervision program officer, and 3 administrative support positions in FY 2010 and an additional 5 probation and parole officers and 1 intensive supervision program officer in FY 2011 due to anticipated growth in the number of offenders supervised. The department is also requesting funding to provide additional office space for new staff in Livingston, Polson, Belgrade, Missoula, Kalispell and Billings.

DP 211 - Spending Authority for GPS Monitoring - This decision package requests \$74,380 state special revenue for the biennium for revenue collected for Global Positioning System (GPS) monitoring services. 46-23-1010, MCA requires Level III sexual offenders to pay for required GPS monitoring services.

DP 212 - Spending Authority for Supervision Fees - This decision package requests \$300,000 state special revenue (\$150,000 per year) from collection of supervision fees to enable the division to offset the costs related to safety and training for probation and parole staff.

Sub-Program Details**Treatment Unit 05****Sub-Program Proposed Budget**

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
Operating Expenses	12,158,069	6,146,986	250,037	18,555,092	8,886,032	280,073	21,324,174	39,879,266
Total Costs	\$12,158,069	\$6,146,986	\$250,037	\$18,555,092	\$8,886,032	\$280,073	\$21,324,174	\$39,879,266
General Fund	12,158,069	6,146,986	250,037	18,555,092	8,886,032	280,073	21,324,174	39,879,266
Total Funds	\$12,158,069	\$6,146,986	\$250,037	\$18,555,092	\$8,886,032	\$280,073	\$21,324,174	\$39,879,266

Sub-Program Description

This subprogram includes the costs of contracted services that provide treatment to offenders including chemical dependency (alcohol and drug) treatment beds in Butte and Billings, methamphetamine treatment beds in Boulders and Lewistown, driving under the influence (DUI) treatment beds in Warm Springs and Glendive, and sex offender treatment beds that are projected to become operational late in FY 2009. While a request for proposal was issued and responses were in the process of being evaluated, the contract award for the sex offender treatment facility was not yet finalized as of this writing.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	12,158,069	12,158,069	24,316,138	60.97%	12,158,069	12,158,069	24,316,138	60.97%
Statewide PL Adjustments	448	534	982	0.00%	448	534	982	0.00%
Other PL Adjustments	6,146,538	8,885,498	15,032,036	37.69%	6,146,538	8,885,498	15,032,036	37.69%
New Proposals	250,037	280,073	530,110	1.33%	250,037	280,073	530,110	1.33%
Total Budget	\$18,555,092	\$21,324,174	\$39,879,266		\$18,555,092	\$21,324,174	\$39,879,266	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments											
-----Fiscal 2010-----					-----Fiscal 2011-----						
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds		
Inflation/Deflation					448						534
Total Statewide Present Law Adjustments					\$448						\$534
DP 203 - Annualize Treatment Beds											
0.00	854,038		0	0	854,038	0.00	854,038	0	0	854,038	
DP 205 - Annualize Sex Offender Facility											
0.00	5,292,500		0	0	5,292,500	0.00	5,292,500	0	0	5,292,500	
DP 215 - Additional WATCH Beds											
0.00	0		0	0	0	0.00	1,169,460	0	0	1,169,460	
DP 218 - Additional Connections Corrections Beds											
0.00	0		0	0	0	0.00	1,569,500	0	0	1,569,500	
Total Other Present Law Adjustments											
0.00	\$6,146,538		\$0	\$0	\$6,146,538	0.00	\$8,885,498	\$0	\$0	\$8,885,498	
Grand Total All Present Law Adjustments					\$6,146,986						\$8,886,032

DP 203 - Annualize Treatment Beds - This decision package requests \$1.7 million general fund (\$854,038 per year) to annualize the cost of existing contracted methamphetamine treatment, felony driving under the influence (DUI), and alcohol and drug treatment beds.

**LFD
COMMENT**

Implementation of the methamphetamine treatment programs was one of the 2009 biennium goals and objectives monitored by the Legislative Finance Committee during the interim. Please refer to the program narrative for further information.

DP 205 - Annualize Sex Offender Facility - This decision package requests \$10.6 million general fund for the biennium to annualize the cost of 116 sex offender treatment beds that the department anticipates will be available late in FY 2009. Because the contract is not yet in place and the facility not yet open, no costs related to it are included in the base budget.

**LFD
COMMENT**

As part of the 2009 biennium budget the department was provided \$16.3 million as a biennial appropriation to support an increase in the number of contract beds needed due to growth in the correctional population. The department presented development of 136 community base sex offender treatment beds opening at the beginning of FY 2009 as a possible use of this funding. At that time the anticipated annual cost of such a facility was \$6,205,000.

DP 215 - Additional WATCH Beds - This decision package requests \$1,169,460 general fund in FY 2011 to expand the Warm Springs Addiction Treatment and Change (WATCH) west program by 40 beds and east program by 10 beds. With this expansion WATCH West's capacity will be 148 beds and WATCH East's 50 beds.

**LFD
COMMENT**

Please refer to the program narrative for additional discussion of the annualization and program expansions included in the 2011 biennium budget request.

DP 218 - Additional Connections Corrections Beds - This decision package requests \$1.6 million in FY 2011 to expand the Connections Corrections alcohol and drug treatment program by 50 beds.

New Proposals

New Proposals										
Sub Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 209 - Watch East Repairs - (Bien/OTO)										
05	0.00	110,000	0	0	110,000	0.00	0	0	0	0
DP 219 - Pre-Release/Treatment Prog Per Diem Rate Increase										
05	0.00	140,037	0	0	140,037	0.00	280,073	0	0	280,073
Total	0.00	\$250,037	\$0	\$0	\$250,037 *	0.00	\$280,073	\$0	\$0	\$280,073 *

DP 209 - Watch East Repairs - (Bien/OTO) - This decision package requests \$110,000 general fund as a biennial, one-time-only appropriation for repairs to the Watch East facility in Glendive, MT. The building is a state owned building and the state is contractually obligated to maintain and repair the building.

**LFD
COMMENT**

Maintenance of state owned buildings is generally provided through the long range building plan. The legislature may wish to consider funding this item in the long range building proposal.

DP 219 - Pre-Release/Treatment Prog Per Diem Rate Increase - This decision package requests general fund of \$392,625 in FY 2010 and \$785,249 in FY 2011 for a provider rate increase of 1 percent per year.

Sub-Program Details**MASC PROGRAM 06****Sub-Program Proposed Budget**

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	2.50	0.00	0.00	2.50	0.00	0.00	2.50	2.50
Personal Services	133,804	32,046	0	165,850	32,261	0	166,065	331,915
Operating Expenses	3,236,010	274,311	65,442	3,575,763	274,395	130,883	3,641,288	7,217,051
Total Costs	\$3,369,814	\$306,357	\$65,442	\$3,741,613	\$306,656	\$130,883	\$3,807,353	\$7,548,966
General Fund	3,369,814	306,357	65,442	3,741,613	306,656	130,883	3,807,353	7,548,966
Total Funds	\$3,369,814	\$306,357	\$65,442	\$3,741,613	\$306,656	\$130,883	\$3,807,353	\$7,548,966

Sub-Program Description

This subprogram includes male assessment and sanction services provided at the Missoula Assessment and Sanction Center located in the facility built as a regional prison.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	3,369,814	3,369,814	6,739,628	89.28%	3,369,814	3,369,814	6,739,628	89.28%
Statewide PL Adjustments	33,017	33,316	66,333	0.88%	33,017	33,316	66,333	0.88%
Other PL Adjustments	273,340	273,340	546,680	7.24%	273,340	273,340	546,680	7.24%
New Proposals	65,442	130,883	196,325	2.60%	65,442	130,883	196,325	2.60%
Total Budget	\$3,741,613	\$3,807,353	\$7,548,966		\$3,741,613	\$3,807,353	\$7,548,966	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----					-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					38,957					39,179
Vacancy Savings					(6,911)					(6,918)
Inflation/Deflation					971					1,055
Total Statewide Present Law Adjustments					\$33,017					\$33,316
DP 220 - Annualize MASC										
	0.00	273,340	0	0	273,340	0.00	273,340	0	0	273,340
Total Other Present Law Adjustments										
	0.00	\$273,340	\$0	\$0	\$273,340	0.00	\$273,340	\$0	\$0	\$273,340
Grand Total All Present Law Adjustments					\$306,357					\$306,656

DP 220 - Annualize MASC - This decision package requests \$546,680 general fund for the biennium for the difference between the anticipated contract costs for FY 2010 and FY 2011 and the amount expended in FY 2008, the base budget year.

LFD COMMENT

This decision package is based upon the rate the department estimates will be in place once regional prison rates are recalculated. Recalculation of regional prison rates lag several months behind the end of the fiscal year because the department bases the new rate upon audited financial data that is not available until several months after fiscal year end.

New Proposals

New Proposals										
-----Fiscal 2010-----					-----Fiscal 2011-----					
Sub Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 219 - Pre-Release/Treatment Prog Per Diem Rate Increase										
06	0.00	65,442	0	0	65,442	0.00	130,883	0	0	130,883
Total	0.00	\$65,442	\$0	\$0	\$65,442 *	0.00	\$130,883	\$0	\$0	\$130,883 *

DP 219 - Pre-Release/Treatment Prog Per Diem Rate Increase - This decision package requests general fund of \$392,625 in FY 2010 and \$785,249 in FY 2011 for a provider rate increase of 1 percent per year.

Program Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	652.54	652.54	710.54	710.54	652.54	710.54	58.00	8.89%
Personal Services	33,621,907	35,796,723	37,858,023	37,992,738	69,418,630	75,850,761	6,432,131	9.27%
Operating Expenses	32,269,566	55,967,325	37,964,062	40,104,233	88,236,891	78,068,295	(10,168,596)	(11.52%)
Equipment & Intangible Assets	207,507	293,690	207,507	207,507	501,197	415,014	(86,183)	(17.20%)
Total Costs	\$66,098,980	\$92,057,738	\$76,029,592	\$78,304,478	\$158,156,718	\$154,334,070	(\$3,822,648)	(2.42%)
General Fund	65,960,172	91,912,738	75,729,356	78,004,242	157,872,910	153,733,598	(4,139,312)	(2.62%)
State Special	100,000	100,000	261,428	261,428	200,000	522,856	322,856	161.43%
Federal Special	38,808	45,000	38,808	38,808	83,808	77,616	(6,192)	(7.39%)
Total Funds	\$66,098,980	\$92,057,738	\$76,029,592	\$78,304,478	\$158,156,718	\$154,334,070	(\$3,822,648)	(2.42%)

Program Description

The Secure Custody Facilities Program includes the Montana State Prison in Deer Lodge; Montana Women's Prison in Billings; and contracted facilities including Dawson County Correctional Facility in Glendive, Cascade County Regional Prison in Great Falls, and Crossroads Correctional Center in Shelby. Approximately 2,300 male and 200 female inmates are incarcerated in these facilities.

Program Highlights

Secure Care Major Budget Highlights	
<ul style="list-style-type: none"> ◆ Funding for the division decreases 2.4 percent (\$3.8 million) between the two biennia, while general fund decreases 2.6 percent (\$4.1 million) during the same time period ◆ General fund increases for: <ul style="list-style-type: none"> • Contract bed growth, \$5.6 million • Expansion of the work dorm (34.00 FTE), \$4.8 million • Annualization of contract beds, \$4.7 million And other items are offset by the anticipated reversion of \$15.0 - \$17.0 million of 2009 biennium appropriations ◆ Secure care male populations are projected to grow slightly more than 4 percent per year and female populations 10.7 percent ◆ In addition to the work dorm additional staff are requested for: <ul style="list-style-type: none"> • MSP shift relief, 12.00 FTE • Mental health contract conversion, 6.00 FTE • MWP correctional counselors, 6.00 FTE 	
Major LFD Issues	
<ul style="list-style-type: none"> ◆ Measurable objectives related to funding for contract beds were not provided ◆ Decision package 311 relating to contract bed annualization includes both annualization and expansion of beds ◆ It is difficult to understand the correlation between some objectives and goals, some objectives do not appear to be related to achievement of the goals 	

Program Narrative

Goals and Objectives:

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- Goals, objectives and year-to-date outcomes from the 2009 biennium
- Goals and objectives and their correlation to the 2011 biennium budget request

2009 Biennium Major Goals

No goals related to this program were reviewed during the interim.

2011 Biennium Major Goals

The following provides an overview of major goals for the 2011 interim.

Goal 1 – To operate correctional programs that emphasize offender accountability and rehabilitation, staff professionalism and responsibility, public safety, and efficient use of taxpayer dollars.

- Objectives by subprogram
 - Montana State Prison (MSP)
 - The associate wardens will conduct weekly reviews of all major category write ups to ensure uniform administration of all rules and regulations
 - Continue to work on operational standards that are consistent with American Correctional Association (ACA) standards. Evaluate the feasibility of a five year plan that will enable MSP to achieve ACA accreditation
 - Montana Women's Prison (MWP)
 - Emphasize accountability for thoughts, words, and actions in all functions within the facility
 - Offenders will be provided training in the areas of interpersonal communication skills, crisis/anger management, alleviation of criminal thinking errors, and facilitation of a therapeutic community, in accordance with MWP programming policy and objectives
 - Contract beds – none provided

LFD COMMENT

When and How Will Progress be Measured

The objectives provided by MSP are related to the goal and include specific actions to be achieved and include some information regarding the time frame for completion. The MWP objectives are related to the goal and measurable but don't include indication of the time frame for completion or if ongoing when progress toward achievement will be measured. These objectives could be improved by providing a clear correlation between the outcome and achievement and the expenditure of funds to support the function. The legislature may wish to discuss with the department:

- When and how progress toward these objectives and the goal is measured
- How the expenditure of funds for these programs relates achievement of the goals and objectives

**LFD
ISSUE****Lack of Objectives**

No objectives related to contract beds were provided. Thus, there is no way to begin determining what is achieved through the expenditure of funds (\$50.9 million general fund for the biennium) to support contracting for prison beds. The legislature may wish to:

- o Discuss with the department the development of measurable objectives for contract bed facilities
- o Request that the department monitor individual contractor's contribution toward achievement of these measurable goals
- o Monitor the department and its contractors' progress toward development and achievement of measurable objectives during the interim

Goal 2 – To provide an employment and program environment based on professionalism, personal responsibility, and respect for each individual

- o Objectives by subprogram
 - Montana State Prison (MSP)
 - o Conduct quarterly reviews of preventative maintenance programs
 - o Attain substantial compliance with ADA standards set forth in the Langford Settlement Agreement
 - Montana Women's Prison (MWP)
 - o Continue regular employee performance evaluations that include assessment of professional behavior, interpersonal skills, and ethics
 - o Provide training during FY 2006 and 2007 to all personnel regarding professional behaviors and specific performance expectations through formal training and informal sessions/meetings.
 - Contract beds – none provided

**LFD
ISSUE****Correlation Between Objective and Goal is Unclear**

While three of the four objectives listed above are related to the goal, it is difficult to understand how conducting reviews of preventative maintenance programs contributes toward achievement of this goal. Some but not all of the objectives above indicate a time for completion. However, in one case the time frame for completion of the objective has passed.

**LFD
ISSUE****Lack of Objectives**

No objectives related to contract beds were provided. Thus, there is no way to begin determining what is achieved through the expenditure of funds (\$50.9 million general fund for the biennium) to support contracting for prison beds. The legislature may wish to:

- o Discuss with the department the development of measurable objectives for contract bed facilities
- o Request that the department monitor individual contractor's contribution toward achievement of these measurable goals
- o Monitor the department and its contractors' progress toward development and achievement of measurable objectives during the interim

Population Growth

As illustrated in figure 7, the department estimates that the male secure care population will grow by 4.4 and 4.3 percent in FY 2010 and 2011, respectively, or from 2,248 inmates in FY 2008 to 2,550 inmates in FY 2011. Historic rates of growth in the male secure care population have varied from a decrease of 5.9 percent (FY 2008) to an increase of 8.1 percent (FY 2005). The decrease in the male secure population was largely related to the shifting of inmates to non secure care alternatives such as the methamphetamine treatment centers and MSP closure of the old reception unit on the MSP campus.

Figure 7 Summary of Secure Care Populations					
Fiscal Year	Fiscal Year	Male	% Change	Female	% Change
Projected	2011	2,550	4.3%	217	10.7%
Projected	2010	2,444	4.4%	196	10.7%
Projected	2009	2,342	4.2%	177	7.9%
Actual	2008	2,248	-5.9%	164	-25.1%
Actual	2007	2,389	-1.6%	219	-16.7%
Actual	2006	2,429	5.4%	263	14.3%
Actual	2005	2,305	8.1%	230	32.2%
Actual	2004	2,133		174	

Figure 7 also includes information about female secure care populations, which are estimated to grow 10.7 percent per year during the 2011 biennium from 164 inmates in FY 2008 to 217 inmates in FY 2011, largely due to an increase in county jail holds. Between FY 2004 and 2008 the growth in female secure care ranged from a decrease of 25.1 percent (FY 2008 to an increase of 32.2 percent (FY 2005). The decrease in FY 2008 is largely related to the shift of inmates from MWP to alternatives to prison such as prerelease, chemical dependency treatment, and methamphetamine

treatment. MWP also discontinued use of the industries building to house inmates.

Additional discussion and a more detailed figure related to the projected population can be found in the agency discussion section of this document.

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

Program Funding Table Secure Custody Facilities							
Program Funding		Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000	Total General Fund	\$ 65,960,172	99.8%	\$ 75,729,356	99.6%	\$ 78,004,242	99.6%
	01100 General Fund	65,960,172	99.8%	75,729,356	99.6%	78,004,242	99.6%
02000	Total State Special Funds	100,000	0.2%	261,428	0.3%	261,428	0.3%
	02339 Inmate Welfare/Inmate Pay	100,000	0.2%	241,428	0.3%	241,428	0.3%
	02355 Miscellaneous Fines And Fees	-	-	20,000	0.0%	20,000	0.0%
03000	Total Federal Special Funds	38,808	0.1%	38,808	0.1%	38,808	0.0%
	03099 Phs-Esea Title I	-	-	-	-	-	-
	03315 Misc Federal Grants	38,808	0.1%	38,808	0.1%	38,808	0.0%
	03316 Mbcc Grants	-	-	-	-	-	-
Grand	Total	\$ 66,098,980	100.0%	\$ 76,029,592	100.0%	\$ 78,304,478	100.0%

Secure custody facilities are funded almost entirely (99.7 percent) from the general fund. State special revenue from the inmate welfare account and various fines and fees provide about 0.3 percent of the program funding. Federal funds provide less than 0.1 percent of the funding for the division.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	65,960,172	65,960,172	131,920,344	85.81%	66,098,980	66,098,980	132,197,960	85.66%
Statewide PL Adjustments	(58,769)	109,317	50,548	0.03%	(58,769)	109,317	50,548	0.03%
Other PL Adjustments	9,175,760	11,212,760	20,388,520	13.26%	9,295,760	11,332,760	20,628,520	13.37%
New Proposals	652,193	721,993	1,374,186	0.89%	693,621	763,421	1,457,042	0.94%
Total Budget	\$75,729,356	\$78,004,242	\$153,733,598		\$76,029,592	\$78,304,478	\$154,334,070	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----						-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,124,624					1,261,939
Vacancy Savings					(1,389,881)					(1,395,366)
Inflation/Deflation					206,488					242,744
Total Statewide Present Law Adjustments					(\$58,769)	\$109,317				
DP 302 - MSP Shift Relief Additional FTE	12.00	34,771	0	0	34,771	12.00	23,243	0	0	23,243
DP 303 - Mental Health Contract Conversion	6.00	98,533	0	0	98,533	6.00	93,546	0	0	93,546
DP 306 - MSP - Overtime Zero Based	0.00	1,771,993	0	0	1,771,993	0.00	1,771,993	0	0	1,771,993
DP 308 - MSP Inmate Pay Zero Based	0.00	202,400	100,000	0	302,400	0.00	202,400	100,000	0	302,400
DP 309 - MSP - Fines and Fees - Added Spending Authority	0.00	0	20,000	0	20,000	0.00	0	20,000	0	20,000
DP 311 - Contract Beds - Annualization	0.00	4,115,370	0	0	4,115,370	0.00	5,328,630	0	0	5,328,630
DP 312 - Contract Beds - Population Growth	0.00	0	0	0	0	0.00	838,255	0	0	838,255
DP 314 - Work Dorm Expansion	34.00	2,416,488	0	0	2,416,488	34.00	2,418,195	0	0	2,418,195
DP 315 - MWP Correctional Counselors	6.00	218,427	0	0	218,427	6.00	218,720	0	0	218,720
DP 316 - MWP Overtime - Zero Based	0.00	270,688	0	0	270,688	0.00	270,688	0	0	270,688
DP 317 - MWP Inmate Pay - Zero Based	0.00	47,090	0	0	47,090	0.00	47,090	0	0	47,090
Total Other Present Law Adjustments										
	58.00	\$9,175,760	\$120,000	\$0	\$9,295,760	58.00	\$11,212,760	\$120,000	\$0	\$11,332,760
Grand Total All Present Law Adjustments					\$9,236,991	\$11,442,077				

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- o **Market Rate** – The division estimates that the current market ratio compared to the 2006 market survey is 107.9 percent. It is anticipated that this ratio will decrease to 98.6 percent when compared to the 2008 market survey. The division has difficulty following agency policy regarding market rate of pay for correctional officers, treatment professionals, and medical staff. Correctional officers have a negotiated pay range. Several supervisor manager classes (Sgt, Lt. Capt, and Major) in the chain of command above Correctional Officer are subject to a “career ladder” pay system. Consequently, the established pay ranges utilized do not match up with the market data generated for their “classification title”. As a consequence market ratio data is skewed for those employees/positions. Medical professionals such as doctor, dentist, psychiatrist, physician’s assistant, registered and licensed practical nurses and some affiliated occupations are so competitive and difficult to recruit into a correctional environment that the department negotiates whatever rate it takes to fill these positions and it is virtually never 80 percent of market. Substance abuse counselors are particularly difficult to recruit in the Deer Lodge – Butte Silverbow area and these positions are started at market rates of pay
- o **Vacancy** – The division experiences challenges in hiring correctional officers and continues to have high failure and drop out rates in the initial year or two of employment. The program has continuing problems with recruitment of quality candidates who will commit to a career in the field. Additionally, the department indicates a need for correctional officers with the competencies to engage with offenders and be an active part of a “treatment” modality. The department indicates it is competing with service industries for these employees. Other areas where recruitment has been difficult include food service, nursing, medical staff, and chemical dependency counselors. One of the impacts of insufficient numbers of correctional officers is the use of mandatory overtime, which may lead to morale issues, resignations, and other difficulties.
- o **Legislatively applied vacancy savings** – The 2007 Legislature exempted direct supervision workers at the state institutions from applied vacancy savings requirements. Savings related to vacancies was used to offset costs at MWP.
- o **Pay Changes** - Non-union staff, which are in the minority in this program, were placed on the department five year entry to market progression plan in July 2007. Union staff were provided career progression and discretionary increases as provided in their bargaining unit contracts. The security chain of command staff (Sergeants, Lieutenants, Captains, and Majors) have been placed on an adjusted pay range. Agreement with teachers was reached in early 2008 regarding the move to the broadband pay plan and required several teachers’ salaries to be adjusted.
- o **Retirements** - Based on a review a total of 60 positions are projected to be eligible for retirement with an estimated liability of \$445,650 including 2 upper level, 29 correctional officers, 2 CO supervisors, and 27 additional support positions. Montana State Prison may see retirement of two top level warden positions resulting in existing supervisory staff being called upon to support the program. However, the division does not anticipate any major difficulties due to these retirements. 19 employees retired in FY 2008 and the division expects a similar retirement rate during FY 2009 or the retirement of about 38 positions during the biennium

New Proposals

New Proposals											
-----Fiscal 2010-----						-----Fiscal 2011-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 301 - MSP Staff Transportation											
03	0.00	202,393	41,428	0	243,821	0.00	202,393	41,428	0	243,821	
DP 304 - MSP Equipment - OTO											
03	0.00	50,000	0	0	50,000	0.00	0	0	0	0	
DP 305 - MSP Video Equipment - (Bien/OTO)											
03	0.00	65,000	0	0	65,000	0.00	0	0	0	0	
DP 313 - Contract Beds Per Diem Increase											
03	0.00	259,800	0	0	259,800	0.00	519,600	0	0	519,600	
DP 318 - MWP Maintenance and Supplies - (Bien/OTO)											
03	0.00	75,000	0	0	75,000	0.00	0	0	0	0	
Total	0.00	\$652,193	\$41,428	\$0	\$693,621 *	0.00	\$721,993	\$41,428	\$0	\$763,421 *	

Sub-Program Details**MONTANA STATE PRISON 01****Sub-Program Proposed Budget**

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	575.27	52.00	0.00	627.27	52.00	0.00	627.27	627.27
Personal Services	29,295,330	4,066,554	0	33,361,884	4,186,654	0	33,481,984	66,843,868
Operating Expenses	10,593,891	839,894	358,821	11,792,606	853,502	243,821	11,691,214	23,483,820
Equipment & Intangible Assets	207,507	0	0	207,507	0	0	207,507	415,014
Total Costs	\$40,096,728	\$4,906,448	\$358,821	\$45,361,997	\$5,040,156	\$243,821	\$45,380,705	\$90,742,702
General Fund	39,957,920	4,786,448	317,393	45,061,761	4,920,156	202,393	45,080,469	90,142,230
State/Other Special	100,000	120,000	41,428	261,428	120,000	41,428	261,428	522,856
Federal Special	38,808	0	0	38,808	0	0	38,808	77,616
Total Funds	\$40,096,728	\$4,906,448	\$358,821	\$45,361,997	\$5,040,156	\$243,821	\$45,380,705	\$90,742,702

Sub-Program Description

This subprogram includes the operation of Montana State Prison in Deer Lodge, the state operated facility for incarceration of adult male offenders.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	39,957,920	39,957,920	79,915,840	88.66%	40,096,728	40,096,728	80,193,456	88.37%
Statewide PL Adjustments	262,263	410,779	673,042	0.75%	262,263	410,779	673,042	0.74%
Other PL Adjustments	4,524,185	4,509,377	9,033,562	10.02%	4,644,185	4,629,377	9,273,562	10.22%
New Proposals	317,393	202,393	519,786	0.58%	358,821	243,821	602,642	0.66%
Total Budget	\$45,061,761	\$45,080,469	\$90,142,230		\$45,361,997	\$45,380,705	\$90,742,702	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments											
-----Fiscal 2010-----					-----Fiscal 2011-----						
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services					1,307,750					1,430,140	
Vacancy Savings					(1,224,147)					(1,229,029)	
Inflation/Deflation					178,660					209,668	
Total Statewide Present Law Adjustments					\$262,263						\$410,779
DP 302 - MSP Shift Relief Additional FTE	12.00	34,771	0	0	34,771	12.00	23,243	0	0	23,243	
DP 303 - Mental Health Contract Conversion	6.00	98,533	0	0	98,533	6.00	93,546	0	0	93,546	
DP 306 - MSP - Overtime Zero Based	0.00	1,771,993	0	0	1,771,993	0.00	1,771,993	0	0	1,771,993	
DP 308 - MSP Inmate Pay Zero Based	0.00	202,400	100,000	0	302,400	0.00	202,400	100,000	0	302,400	
DP 309 - MSP - Fines and Fees - Added Spending Authority	0.00	0	20,000	0	20,000	0.00	0	20,000	0	20,000	
DP 314 - Work Dorm Expansion	34.00	2,416,488	0	0	2,416,488	34.00	2,418,195	0	0	2,418,195	
Total Other Present Law Adjustments											
	52.00	\$4,524,185	\$120,000	\$0	\$4,644,185	52.00	\$4,509,377	\$120,000	\$0	\$4,629,377	
Grand Total All Present Law Adjustments					\$4,906,448						\$5,040,156

DP 302 - MSP Shift Relief Additional FTE - This decision package requests 12.00 FTE and \$58,014 general fund for the biennium so that additional employees are available and the prison can cover more of the employees paid time off for vacation, holidays, training, etc. through regular salary costs rather than incurring overtime. The total costs of these positions, including clothing and equipment to outfit additional officers, is estimated to be \$462,569 in FY 2010 and \$451,041 in FY 2011. This decision package also includes a reduction in over time costs of \$427,798 per year to offset most of the costs of new FTE.

LFD COMMENT	The department indicates that 12.00 FTE are not sufficient to achieve the relief factor actually needed but that it is 90 percent of the desired relief factor. The legislature may wish to discuss with the department whether or not there is a large enough labor pool available to fill all authorized correctional officer positions
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DP 303 - Mental Health Contract Conversion - This decision package requests 6.00 FTE and \$192,079 general fund for the biennium for mental health services at MSP. The facility previously utilized a contract to provide these services and is requesting employees to replace the contract. The total cost of this proposal is \$366,645 in FY 2010 and \$361,658 in FY 2011, with \$268,112 being offset by contracted costs that are in the base budget.

**LFD
COMMENT**

The department indicates these services were provided by FTE until 1999 when they were converted to contract services and that the original reason for contracting, which was inability to pay adequate wages, has been resolved with the new pay plan (broadband) system. The department anticipates it may be better positioned to recruit and retain staff because the salary and benefits under the state's pay band for these positions (masters level clinicians) exceeds what the contractor pays. Additionally, the department believes there would be a benefit to having direct control and supervision of service provision rather than working through an independent contractor.

**LFD
ISSUE**

Connection with Mental Health Study and Measurable Objectives

With the conversion of this function from a contractor to employees, the legislature may wish to:

- o Discuss with the department whether or not any of the mental health study recommendations listed in the agency discussion will be implemented with this change
- o Discuss with the department goals and measurable objectives for prison mental health services for the 2011 biennium
- o Request that the Legislative Finance Committee review department progress toward achieving these goals and measurable objectives during the interim

DP 306 - MSP - Overtime Zero Based - This decision package requests \$3.5 million general fund for the biennium (\$1,771,993 each year) for overtime and holiday worked pay, which are zero based for budgeting purposes and not included in the base budget.

**LFD
COMMENT**

The funding requested in this decision package is consistent with the amount expended in FY 2008.

DP 308 - MSP Inmate Pay Zero Based - This decision package requests \$404,800 general fund and \$200,000 state special revenue for the biennium for inmate pay, which is zero based for budgeting purposes and thus is not included in the base budget. MSP provides inmate work assignments in maintenance, food service, infirmary, recreation, housing units, and other areas to about 660 inmates. Funding in this decision package would be used to both increase the number of inmate workers and the average pay for inmate work.

**LFD
COMMENT**

The department requests an increase of about \$50,000 per year or 21 percent more than was expended in the base budget. The department indicates that increased funding is needed to implement changes in inmate pay policies that have remained unchanged for many years. Currently, inmates earn between \$1.25 to \$3.65 per day or an average of \$1.45 a day. The department indicates funding in this decision package would support increasing inmate pay on average to \$1.60 per day and employment for 700 inmates.

DP 309 - MSP - Fines and Fees - Added Spending Authority - This decision package requests \$40,000 state special revenue for the biennium from fines and fees that are collected from inmate disciplinary sanctions. The department uses the funds to cover the costs of damaged and replacement items.

DP 314 - Work Dorm Expansion - This decision package requests 34.00 FTE and \$4.8 million general fund for the biennium for staffing and operating costs of the expansion of the work dorm at MSP. The expansion of the work dorm is expected to be completed and become operational in late 2008. No costs associated with the operation of the expanded facility were incurred in the base budget year.

**LFD
COMMENT**

Figure 8 summarizes 2009 and 2011 biennia funding related to the expansion of the work dorm at MSP. Construction on the facility was complete late in 2008 and it is anticipated that occupancy of the work dorm would begin around January 5, 1009.

The work dorm expansion will house up to 108 inmates who work outside of the prison perimeter fence. Expansion of the work dorm will eliminate the need for daily movement of inmates in and out of the perimeter fence for work assignment. Because the work dorm will not open until early 2009, FY 2009 will contain only a partial year's expense for the facility, while FY 2008 contained no expenses related to the operation of the facility.

Figure 8
Summary of Work Dorm Expansion Funding

Source	Purpose	Appropriated 2009 Biennium*	Requested 2011 Biennium
Long Range Building	Construction	\$2,500,000	
Appropriations Act	Personal Services	1,805,934	3,089,191
Appropriations Act	Operations	<u>1,309,133</u>	<u>1,745,492</u>
Total Appropriation Act		\$3,115,067	\$4,834,683
Biennial Total		<u>\$5,615,067</u>	<u>\$4,834,683</u>

*The 2009 biennium budget anticipated that the facility would be operated for one year.
The 2009 biennium budget did not include authorization of additional FTE.

**LFD
COMMENT**

Additional information and justification of the annualization and expansion of beds in community and secure care services is included in the program narrative for the Community Correction Program.

New Proposals

New Proposals										
Sub Program	FTE	Fiscal 2010				FTE	Fiscal 2011			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 301 - MSP Staff Transportation										
01	0.00	202,393	41,428	0	243,821	0.00	202,393	41,428	0	243,821
DP 304 - MSP Equipment - OTO										
01	0.00	50,000	0	0	50,000	0.00	0	0	0	0
DP 305 - MSP Video Equipment - (Bien/OTO)										
01	0.00	65,000	0	0	65,000	0.00	0	0	0	0
Total	0.00	\$317,393	\$41,428	\$0	\$358,821 *	0.00	\$202,393	\$41,428	\$0	\$243,821 *

DP 301 - MSP Staff Transportation - This decision package requests \$487,642 total funds (\$404,786 general fund and \$82,856 state special revenue) to continue funding for MSP staff transportation, which was funded as a one-time-only appropriation for the 2009 biennium.

**LFD
COMMENT**

Transportation (bus) is provided for all three shifts, seven days per week, for staff in Butte and Anaconda. Riders from Butte pay \$2.50 per day and from Anaconda pay \$2.00 per day. The department indicates that average ridership for the first quarter of FY 2009 was 17.78 day shift staff members, 16.24 afternoon shift staff, and 9.51 night shift staff and that 26 percent of the staff from Butte and 21 percent of the staff from Anaconda ride the bus. The department also indicates that since implementation of this service, the department has on two occasions achieved a status of filling all correctional officers and maintaining all position, full for a brief period of time that has not been experienced in over a decade.

DP 304 - MSP Equipment - OTO - This decision package requests \$50,000 general fund as a one-time-only appropriation for FY 2010 to upgrade the food ports at Montana State Prison.

LFD COMMENT	The department proposes replacing single food ports in maximum security and close III pre hearing confinement blocks with double food ports. Double food ports are designed to deliver items to inmates without direct contact between the guard and inmate, minimizing the inmate ability to throw items on staff.
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DP 305 - MSP Video Equipment - (Bien/OTO) - This decision package requests \$65,000 general fund as a biennial, one-time-only appropriation for security equipment. This includes funding for six video cameras, with recording capabilities and monitors, for the high side staff and inmate traffic areas at MSP and the installation of the Morse Watchman rounds system in seven housing units.

Sub-Program Details**MONTANA WOMENS PRISON 02****Sub-Program Proposed Budget**

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	70.27	6.00	0.00	76.27	6.00	0.00	76.27	76.27
Personal Services	3,918,646	149,455	0	4,068,101	163,475	0	4,082,121	8,150,222
Operating Expenses	2,206,411	45,126	75,000	2,326,537	50,304	0	2,256,715	4,583,252
Total Costs	\$6,125,057	\$194,581	\$75,000	\$6,394,638	\$213,779	\$0	\$6,338,836	\$12,733,474
General Fund	6,125,057	194,581	75,000	6,394,638	213,779	0	6,338,836	12,733,474
Total Funds	\$6,125,057	\$194,581	\$75,000	\$6,394,638	\$213,779	\$0	\$6,338,836	\$12,733,474

Sub-Program Description

This subprogram includes operation of the Montana Women's Prison, the state run correctional facility for incarceration of adult female offenders.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	6,125,057	6,125,057	12,250,114	96.20%	6,125,057	6,125,057	12,250,114	96.20%
Statewide PL Adjustments	(341,624)	(322,719)	(664,343)	(5.22%)	(341,624)	(322,719)	(664,343)	(5.22%)
Other PL Adjustments	536,205	536,498	1,072,703	8.42%	536,205	536,498	1,072,703	8.42%
New Proposals	75,000	0	75,000	0.59%	75,000	0	75,000	0.59%
Total Budget	\$6,394,638	\$6,338,836	\$12,733,474		\$6,394,638	\$6,338,836	\$12,733,474	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----						-----Fiscal 2011-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				(221,068)					(206,763)	
Vacancy Savings				(147,899)					(148,477)	
Inflation/Deflation				27,343					32,521	
Total Statewide Present Law Adjustments				(\$341,624)					(\$322,719)	
DP 315 - MWP Correctional Counselors										
6.00	218,427		0	0	218,427	6.00	218,720	0	0	218,720
DP 316 - MWP Overtime - Zero Based										
0.00	270,688		0	0	270,688	0.00	270,688	0	0	270,688
DP 317 - MWP Inmate Pay - Zero Based										
0.00	47,090		0	0	47,090	0.00	47,090	0	0	47,090
Total Other Present Law Adjustments										
6.00	\$536,205		\$0	\$0	\$536,205	6.00	\$536,498	\$0	\$0	\$536,498
Grand Total All Present Law Adjustments				\$194,581					\$213,779	

DP 315 - MWP Correctional Counselors - This decision package requests 6.00 FTE and \$437,147 general fund for the biennium for additional correctional counselors at MWP to provide the appropriate shift relief.

**LFD
COMMENT**

The total costs associated with this decision package are about \$270,000 per year, which is partially offset by a reduction in overtime costs of \$52,000 per year.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Montana Women's Prison is using a therapeutic community model to enhance the current treatment models of the offenders. In order to meet the current shift requirements, the department is requesting six additional correctional counselors. The department has reduced the base overtime budget by one fourth, as these counselors will provide adequate shift relief and assist in lowering overtime expenditures.

Project outcomes: The additional correctional counselors will be responsible for the continued development and facilitation of the therapeutic community at the Montana Women's Prison. Successful implementation of this program will provide the women with the opportunity to learn and practice skills that they will require to be successful in the community upon their release. This should lower the recidivism rate.

Milestones: Upon hire of the additional officers, and implementation of their duties, we will hold bi-weekly meetings to determine program success. Disciplinary write-ups will be monitored and should decrease along with recidivism. This should be able to be documented within one year of the correctional counselors assuming their duties.

FTE: 6.00 FTE correctional counselors

Funding: General fund

Obstacles: Staff turnover or an inadequate hiring pool can force staff overtime.

Risks: Posts not staffed at adequate levels can create safety and security problems.

**LFD
COMMENT**

If approved, the legislature may wish to recommend that the Legislative Finance Committee monitor the implementation and impacts of addition of this staff on the program during the interim.

DP 316 - MWP Overtime - Zero Based - This decision package requests \$541,376 general fund for the biennium for overtime and holidays worked. These items are zero based for budgeting purposes and not included in the adjusted base budget.

**LFD
COMMENT**

The funding requested in this decision package is consistent with the amount expended in FY 2008.

DP 317 - MWP Inmate Pay - Zero Based - This decision package requests \$94,180 general fund for the biennium for inmate pay. Inmate pay is zero-based for budgeted purposes and not included in the adjusted base budget.

**LFD
COMMENT**

The funding requested in this decision package is about \$10,000 per year greater than the \$37,067 that was expended in FY 2008. The additional funding is requested to support 12 additional inmate worker positions.

New Proposals

New Proposals										
Sub Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 318 - MWP Maintenance and Supplies - (Bien/OTO)										
02	0.00	75,000	0	0	75,000	0.00	0	0	0	0
Total	0.00	\$75,000	\$0	\$0	\$75,000 *	0.00	\$0	\$0	\$0	\$0 *

DP 318 - MWP Maintenance and Supplies - (Bien/OTO) - This decision package requests \$75,000 general fund as a biennial, one-time-only appropriation for items such as sliding security door mechanisms, instant hot water heater, replacement of washers and dryers on units, and recalibration of thermostats.

Sub-Program Details**CONTRACTED BEDS 04****Sub-Program Proposed Budget**

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	7.00	0.00	0.00	7.00	0.00	0.00	7.00	7.00
Personal Services	407,931	20,107	0	428,038	20,702	0	428,633	856,671
Operating Expenses	19,469,264	4,115,855	259,800	23,844,919	6,167,440	519,600	26,156,304	50,001,223
Total Costs	\$19,877,195	\$4,135,962	\$259,800	\$24,272,957	\$6,188,142	\$519,600	\$26,584,937	\$50,857,894
General Fund	19,877,195	4,135,962	259,800	24,272,957	6,188,142	519,600	26,584,937	50,857,894
Total Funds	\$19,877,195	\$4,135,962	\$259,800	\$24,272,957	\$6,188,142	\$519,600	\$26,584,937	\$50,857,894

Sub-Program Description

This subprogram includes the costs of secure care bed purchased from contractors including regional prisons in Glendive and Great Falls and a privately owned facility in Shelby.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	19,877,195	19,877,195	39,754,390	78.17%	19,877,195	19,877,195	39,754,390	78.17%
Statewide PL Adjustments	20,592	21,257	41,849	0.08%	20,592	21,257	41,849	0.08%
Other PL Adjustments	4,115,370	6,166,885	10,282,255	20.22%	4,115,370	6,166,885	10,282,255	20.22%
New Proposals	259,800	519,600	779,400	1.53%	259,800	519,600	779,400	1.53%
Total Budget	\$24,272,957	\$26,584,937	\$50,857,894		\$24,272,957	\$26,584,937	\$50,857,894	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----						-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					37,942					38,562
Vacancy Savings					(17,835)					(17,860)
Inflation/Deflation					485					555
Total Statewide Present Law Adjustments					\$20,592					\$21,257
DP 311 - Contract Beds - Annualization										
	0.00	4,115,370	0	0	4,115,370	0.00	5,328,630	0	0	5,328,630
DP 312 - Contract Beds - Population Growth										
	0.00	0	0	0	0	0.00	838,255	0	0	838,255
Total Other Present Law Adjustments										
	0.00	\$4,115,370	\$0	\$0	\$4,115,370	0.00	\$6,166,885	\$0	\$0	\$6,166,885
Grand Total All Present Law Adjustments					\$4,135,962					\$6,188,142

DP 311 - Contract Beds - Annualization - This decision package requests \$9.4 million for the biennium to annualize the cost of existing contracted secure beds.

LFD ISSUE

Decision Package Includes Both Annualization and Expansion

This decision package includes funding for both annualization of existing contract beds and expansion of the number of contract beds available, which is consistent with the departments projected increase of slightly more the 4.0 percent per year in the average daily population of offenders in secure care (please see the program narrative for additional information on population estimates). The legislature may wish to:

- o Take action separately on the two major items included in this decision package
- o Direct staff to include the portion of this decision package related to bed expansions in decision package 312 contract beds - population growth because the bed expansions planned occur in the 2011 biennium rather than the 2009 biennium, and are more properly related to population growth than annualization of the costs of beds existing during the 2009 biennium

To facilitate legislative action on this decision package the following table illustrates estimated costs for the two major items included in this decision package.

Figure 9 DP 311 Allocation Among Items Included in the Decision Package									
Item/Facility	FY 2008 Beds/ADP	FY 2010 Beds	FY 2011 Beds	FY 2009 Rate	FY 2010 Estimated Costs	FY 2011 Estimated Costs	Per DOC FY 2008 Base Budget	Difference from Base Budget	
								FY 2010	FY 2011
Annualization of FY 2008 Costs									
Dawson	141	141	141	\$66.37	\$3,415,557	\$3,415,557	\$3,229,424	\$186,133	\$186,133
Cascade	143	152	152	59.00	3,273,298	3,273,298	2,795,380	477,918	477,918
Crossroads	495	550	550	62.78	12,602,282	12,602,282	10,867,203	1,735,079	1,735,079
County Jail Hold - Male	78	78	78	58.65	1,669,766	1,669,766	1,714,144	(44,379)	(44,379)
County Jail Hold - Female	16	16	16	56.27	328,617	328,617	338,409	(9,792)	(9,792)
Total Annualization	873	937	937		\$21,289,519	\$21,289,519	\$18,944,559	\$2,344,960	\$2,344,960
Additional Beds for Population Growth									
Dawson		0	50	\$66.37	\$0	\$1,211,190	\$0	\$0	\$1,211,190
County Jail Hold - Male		52	52	58.65	1,113,177	1,113,177	0	1,113,177	1,113,177
County Jail Hold - Female		32	32	56.27	657,234	657,234	0	657,234	657,234
Total Additional Beds for Growth		84	134		\$1,770,411	\$2,981,601	\$0	\$1,770,411	\$2,981,601
Total Annualization and Additional Beds								\$4,115,370	\$5,326,561
Total Requested								4,115,370	5,328,630
Difference								\$0	(\$2,069)

**LFD
COMMENT**

Additional information and justification of the annualization and expansion of beds in community and secure care services is included in the program narrative for the Community Correction Program.

DP 312 - Contract Beds - Population Growth - This decision package requests \$838,255 general fund for FY 2011 to fund additional contract beds consistent with the anticipated growth in secure care population.

**LFD
ISSUE**

Expansion Also Included in DP 311

This decision package supports the addition of 37 beds in FY 2011, which is consistent with the departments projected increase in secure care populations of slightly more than 4.0 percent per year. The location of these beds is unspecified and in addition to the funding requested in decision package 311. The legislature may wish to direct staff to include the portion of decision package 311 that is related to population growth in this decision package. Please refer to the issue related to DP 311 contract bed annualization for additional information.

**LFD
COMMENT**

Additional information and justification of the annualization and expansion of beds in community and secure care services is included in the program narrative for the Community Corrections Program.

New Proposals

New Proposals										
	-----Fiscal 2010-----					-----Fiscal 2011-----				
Sub Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 313 - Contract Beds Per Diem Increase										
04	0.00	259,800	0	0	259,800	0.00	519,600	0	0	519,600
Total	0.00	\$259,800	\$0	\$0	\$259,800 *	0.00	\$519,600	\$0	\$0	\$519,600 *

DP 313 - Contract Beds Per Diem Increase - This decision package requests \$779,400 general fund for the biennium for a provider rate increase of 1 percent per year for contract facilities other than regional prisons and 2 percent per year for regional prisons. Statute (53-30-507(3), MCA) provides guidance to the department on determination of regional prison rates and directs the department to adopt rules regarding calculation of regional prison rates. The provisions of this statute do not apply to contractors other than regional prisons.

Program Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	19.25	19.25	20.25	20.25	19.25	20.25	1.00	5.19%
Personal Services	1,003,101	1,147,459	1,202,956	1,205,322	2,150,560	2,408,278	257,718	11.98%
Operating Expenses	2,839,075	3,382,382	6,423,433	3,561,175	6,221,457	9,984,608	3,763,151	60.49%
Equipment & Intangible Assets	0	0	100,000	0	0	100,000	100,000	n/a
Benefits & Claims	0	0	0	0	0	0	0	n/a
Debt Service	0	216,708	0	0	216,708	0	(216,708)	(100.00%)
Total Costs	\$3,842,176	\$4,746,549	\$7,726,389	\$4,766,497	\$8,588,725	\$12,492,886	\$3,904,161	45.46%
General Fund	2,000,669	2,430,473	5,142,412	2,210,520	4,431,142	7,352,932	2,921,790	65.94%
State Special	1,313,327	1,793,161	1,921,827	1,893,827	3,106,488	3,815,654	709,166	22.83%
Federal Special	88,385	40,000	88,385	88,385	128,385	176,770	48,385	37.69%
Other	439,795	482,915	573,765	573,765	922,710	1,147,530	224,820	24.37%
Total Funds	\$3,842,176	\$4,746,549	\$7,726,389	\$4,766,497	\$8,588,725	\$12,492,886	\$3,904,161	45.46%

Program Description

The Montana Correctional Enterprises (MCE) Division provides vocational education and on the job training to over 400 offenders. MCE programs allow offenders to gain valuable knowledge, life skills, and work experience, helping them to transition back into society.

Program Highlights

Montana Correctional Enterprises Major Budget Highlights	
<ul style="list-style-type: none"> ◆ Program funding increase 45.5 percent (\$3.9 million) between the two biennia, general fund increases 65.9 percent (\$2.9 million) during the same time period ◆ General fund increases due to a request for \$2.9 million to manufacture license plates necessary because the statutory requirement for reissuing plates beginning January 1, 2010 ◆ State special revenue increases \$0.7 million (22.8 percent) due to anticipated increases related to canteen operations ◆ Proprietary rate increases are requested 	
Major LFD Issues	
<ul style="list-style-type: none"> ◆ The legislature may wish to postpone reissuance of license plates, because the net general fund impact for the 2011 biennium is a \$225,000 reduction ◆ The proposal for a produce farming program lacks specific milestones for completion and measurable objectives 	

Program Narrative

Goals and Objectives:

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- Goals, objectives and year-to-date outcomes from the 2009 biennium
- Goals and objectives and their correlation to the 2011 biennium budget request

2009 Biennium Major Goals

No goals related to this program were reviewed during the interim.

2011 Biennium Major Goals

The following provides an overview of major goals for the 2011 interim.

Goal 1 – To operate correctional programs that emphasize offender accountability and rehabilitation, staff professionalism and responsibility, public safety, and efficient use of taxpayer dollars.

- Objectives
 - Maintain accurate position descriptions and complete monthly inmate evaluations that are consistent with the position descriptions
 - Administer self-supporting correctional enterprise programs designed to train inmates in real life work experiences, meet customer needs, and save tax dollars

Goal 2 – To provide an employment and program environment based on professionalism, personal responsibility, and respect for each individual.

- Objectives
 - Ensure correctional enterprise staff and management lead by example and demonstrate high work ethics, honesty and integrity, as outlined in the code of ethics and guiding principles
 - Maintain accurate position descriptions for civilian FTE as part of the broadband pay system

**LFD
ISSUE**

Correlation Between Objectives and Program Function

While a reader can envision how the objectives above relate to the goal, it would be more informative to have goals and objectives that correlated program functions and budgets to progress toward achievement of goals. For example, it would be more informative to have objectives related to a function like license plate manufacturing and its budget, and how manufacturing of plates assist the program in achieving the goals. The legislature may wish to discuss with the department measurable objectives that provide clarity of the correlation between the program function and measurable objective.

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

Program Funding Table Mont Correctional Enterprises						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 2,000,669	52.1%	\$ 5,142,412	66.6%	\$ 2,210,520	46.4%
01100 General Fund	2,000,669	52.1%	5,142,412	66.6%	2,210,520	46.4%
02000 Total State Special Funds	1,313,327	34.2%	1,921,827	24.9%	1,893,827	39.7%
02917 Msp Canteen Revolving Acct	1,313,327	34.2%	1,921,827	24.9%	1,893,827	39.7%
03000 Total Federal Special Funds	88,385	2.3%	88,385	1.1%	88,385	1.9%
03315 Misc Federal Grants	88,385	2.3%	88,385	1.1%	88,385	1.9%
06000 Total Proprietary Funds	439,795	11.4%	573,765	7.4%	573,765	12.0%
06545 Prison Indust. Training Prog	439,795	11.4%	573,765	7.4%	573,765	12.0%
Grand Total	<u>\$ 3,842,176</u>	100.0%	<u>\$ 7,726,389</u>	100.0%	<u>\$ 4,766,497</u>	100.0%

Montana Correctional Enterprise (MCE) functions included in the appropriations act are funded primarily from the general fund (46.4 percent), which funds license plate production and manufacturing, and state special revenue (39.7 percent) from inmate canteen services. The program also receives some federal funding (1.9 percent) and proprietary funds (12.0 percent) from the prison industries program (motor vehicle maintenance shop and Toyota cutaway operation).

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,000,669	2,000,669	4,001,338	54.42%	3,842,176	3,842,176	7,684,352	61.51%
Statewide PL Adjustments	15,702	18,860	34,562	0.47%	(6,328)	(3,170)	(9,498)	(0.08%)
Other PL Adjustments	2,927,599	96,709	3,024,308	41.13%	3,664,099	833,209	4,497,308	36.00%
New Proposals	198,442	94,282	292,724	3.98%	226,442	94,282	320,724	2.57%
Total Budget	\$5,142,412	\$2,210,520	\$7,352,932		\$7,726,389	\$4,766,497	\$12,492,886	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----						-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					30,889					33,311
Vacancy Savings					(41,360)					(41,456)
Inflation/Deflation					4,324					5,156
Fixed Costs					(181)					(181)
Total Statewide Present Law Adjustments					(\$6,328)*					(\$3,170)*
DP 402 - License Plate Renewal - HB 2 - OTO										
	0.00	2,858,599	0	0	2,858,599	0.00	27,709	0	0	27,709
DP 404 - Overtime and Inmate Payroll - HB 2										
	0.00	69,000	30,500	0	155,500 *	0.00	69,000	30,500	0	155,500 *
DP 406 - Added Authority-Canteen-SSR, Voc Ed-ISF - HB 2										
	0.00	0	550,000	0	650,000 *	0.00	0	550,000	0	650,000 *
Total Other Present Law Adjustments										
	0.00	\$2,927,599	\$580,500	\$0	\$3,664,099 *	0.00	\$96,709	\$580,500	\$0	\$833,209 *
Grand Total All Present Law Adjustments					\$3,657,771 *					\$830,039 *

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- o **Market Rate** – The program generally hires staff at 80 percent of market. Correctional Enterprises employs a few productions services supervisors, including ranch and food service supervisors, as general funded positions. Because of the unusual combination of business skills combined with correctional safety and security skills needed these positions have been hard to fill at straight market rates. MCE has had to pay above market rates to effectively recruit. The program market ratio compared to the 2006 market survey is 98.4 percent and is expected to drop to 89.9 percent when compared to the 2008 survey.

- o **Vacancy** - There have routinely been vacancies in the ranch and food service supervisor positions.
- o **Legislatively applied vacancy savings** – Only the portion of Montana Correctional Enterprises funded in the appropriations act with general fund is subject to vacancy savings requirements. The program was able to keep positions open and transfer the operating budget to fund the vacancy savings requirements.
- o **Pay Changes** - Teachers were the lone group in the agency who had not moved to broadband previously. Agreement was reached in early 2008 and the move to broadband required the pay of several teachers to be adjusted to place them at their proper increment in the pay range in March of 2008. Non-union staff were placed on the department five year entry to market progression plan in July 2007. Only department union staff were on the plan up to this point. Staff pay rates were analyzed and staff were placed at their correct target market increment. Staff continued to receive those progression increments on their anniversary dates. Union staff have been provided career progression and discretionary increases as provided in their bargaining contracts. The discretionary 0.6 percent was provided to staff who were at or above market rate upon successful completion of the agreed upon competency building training.
- o **Retirements** - Based on a review 3 program managers and 2 support level employees will retire for a total of 5 positions projected and a projected liability of \$76,275. Two employees retired in FY 2008. The department would expect a similar retirement rate during FY 2009 for a total of four positions during the biennium. The program has the potential to lose a long-term Agricultural Program Manager and indicates that candidates of this caliber are not easy to recruit. However, the department does not anticipate any significant program impacts.

DP 402 - License Plate Renewal - HB 2 - OTO - This decision package requests \$2.9 million general fund as a one-time-only appropriation for the manufacturing of license plates for the plate reissue that is to begin in January 2010 (per MCA 61-3-332). This request is based on the production of 1.6 million plates (0.8 million sets) over the biennium. This figure represents only the number of plates to be produced for the reissue. The base budget covers all other plate production for general issue, organizational, permanent, college and university, and small plates. The personal services portion of the request includes civilian overtime and inmate payroll of \$4,608. Operating expenditures include the cost of reflective sheeting, aluminum, print heads, and other supplies and operating expenses.

**LFD
ISSUE**
2011 Biennium Net General Fund Decrease

Figure 10 summarizes the anticipated general fund costs and revenues for the Departments of Correction and Justice. 2011 biennium costs related to the reissue are estimated at \$3.2 million, while the increased general fund revenue related to the reissue is estimated at just under \$3.0 million. As a result, the net impact to the general fund is a reduction of about \$225,000 for the biennium. Given that a portion of the estimated cost is related to production of 200,000 sets of plates for inventory (maintained by counties) and the estimated cost per set of plates for reissue is \$3.57 per set and the fee charged is \$5.00 per set, over time this net impact will become a general fund increase of about \$1.1 million (\$1.43 per set of plates).

Figure 10 License Plate Reissue Summary General Fund Costs and Revenues For the 2011 Biennium			
Item	FY 2010	FY 2011	Biennial
Funding Requested:			
Dept. Justice	\$321,250	\$0	\$321,250
Dept. Corrections	<u>2,858,599</u>	<u>27,709</u>	<u>2,886,308</u>
Total Funding Requested	<u>\$3,179,849</u>	<u>\$27,709</u>	<u>\$3,207,558</u>
Cost per Set of Plates			<u>\$4.01</u>
Estimated Revenue:	<u>\$1,372,598</u>	<u>\$1,609,330</u>	<u>\$2,981,928</u>
Revenue Less Funding Requested			<u>(\$225,630)</u>

**LFD
ISSUE (CONT.)**

Given the net decrease in the general fund for the 2011 biennium the legislature may wish to consider:

- The rationale or need for plates to be reissued every four years:
 - The reasons for reissuing plates every four years includes the length of time the reflective coating last, anticipated revenue increase from motorist that otherwise would not relicense vehicles but do so because the change in plate makes it obvious that they have not, and effective lobbying efforts from the provider of reflective sheeting materials
 - The counter argument for this rationale includes that permanent issue plates are subject to the same reflective sheeting wear as other plates and the revenue increases from motorist that otherwise would not relicense is not documented and arguable given the revenue estimate related to reissuance
- Whether or not the reissue of license plates should be delayed until a future date, which would require a statutory change
- Whether or not the \$5 fee charged for a new set of plates is adequate given the estimated costs of the plates
- Restricting any funding provided for license plate reissue so that unexpended funds revert to the general fund

DP 404 - Overtime and Inmate Payroll - HB 2 - This decision package requests \$311,000 for the biennium (\$138,000 general fund, \$61,000 state special revenue, and \$112,000 proprietary funds) for inmate payroll, which is zero based for budgeting purposes and must be requested in a decision package.

**LFD
COMMENT**

The total funds requested in this decision package are significantly greater than the amount spent for inmate payroll in the FY 2008. The FY 2008 expenditures and 2011 biennium requests by area are:

- License plate manufacturing – FY 2008 expenditures \$12,795; FY 2010 and FY 2011 request \$24,000 per year
- Vocational education - FY 2008 expenditures \$62,095; FY 2010 and FY 2011 request \$101,000 per year
- Canteen - FY 2008 expenditures \$13,274; FY 2010 and FY 2011 request \$30,500 per year

DP 406 - Added Authority-Canteen-SSR, Voc Ed-ISF - HB 2 - This decision package requests \$1.3 million total funds, including \$1.1 million state special revenue and \$0.2 million proprietary funds, for the biennium for the Vocational Education Program and canteen operations. Per the department the increase is because:

- The Vocational Education Internal Service Fund operation has seen an increased cost of parts purchased for the repair of customer vehicles
- The canteen will be providing products for the private prison in Shelby and two regional prisons in addition to the facilities that are already being served.

It is anticipated that \$550,000 per year of state special revenue will be needed to increase the inventory in the canteen and to cover additional operating costs of the expanded building and larger customer base.

New Proposals

New Proposals										
-----Fiscal 2010-----						-----Fiscal 2011-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 406 - Canteen - OTO										
04	0.00	0	28,000	0	28,000	0.00	0	0	0	0
DP 409 - Produce Farming Program - HB 2										
04	1.00	198,442	0	0	198,442	1.00	94,282	0	0	94,282
Total	1.00	\$198,442	\$28,000	\$0	\$226,442 *	1.00	\$94,282	\$0	\$0	\$94,282 *

DP 406 - Canteen - OTO - The Montana Correctional Enterprises program is requesting one time only state special revenue funds for equipment, including a used forklift (\$20,000), and upgrade of the current gator/utility vehicle for deliveries (\$8,000) for the MCE Canteen warehouse.

DP 409 - Produce Farming Program - HB 2 - This decision package requests 1.00 FTE and \$292,724 general fund for the biennium to start a produce farming operation on Montana Correctional Enterprise (MCE) ranch land. MCE would utilize approximately 10 acres of farm cropland to begin the produce farming operation and would increase acreage as feasible. Operations will involve produce planted in existing crop land, potential use of small scale greenhouses, and processing of the food products through the Food Bank canning program. The funding requested would be used to purchase farming equipment, supplies, and seed plants for the operation.

Justification: MCE currently operates a cannery in coordination with the Montana Food Bank Network (MFBN) at the Montana State Prison facility in Deer Lodge. This proposal would fund 1.0 FTE for a master gardener/supervisor and associated supplies and operating expenses for a gardening program to run in coordination with the MFBN Cannery. \$500,000 is included in a long-range building request for a greenhouse, upgrades to a storage cellar and grow tubes and \$100,000 to support one-time-only purchases of equipment. Produce such as potatoes, carrots, onions, and squash would be supplied to the cannery to allow for additional product for the food banks across the state. MCE would utilize grow tubes on existing ranch lands to extend the growing season in the Deer Lodge valley. This program will offer additional work and training opportunities for inmates housed at Montana State Prison.

Project Outcomes: The project would provide produce to the MFBN cannery operation at Montana State Prison to supplement the existing donations that the MFBN receives. Once the produce is processed it will be distributed to the food banks that the network supports throughout the state. This program will also provide additional work and training opportunities at the Montana State Prison facility.

Milestones: Ten acres will be planted within five grow tubes on Montana Correctional Enterprise ranch lands. Plants will be started in a greenhouse and transferred to the grow tubes at the appropriate time within the growing season. Reporting on this project will be provided at the end of each year of the biennium.

FTE: 1.0 FTE to supervise and train inmate work crews in the produce farming operation, including preparation, maintenance, cultivation, and storage.

Funding: General fund

Obstacles: As with any agricultural program, weather, pest and insect control, and market conditions may play as a factor in the cultivation of products.

Risks: If the proposal is not adopted there will be less produce for the MFBN cannery that supports many families in Montana.

**LFD
ISSUE**

Lacks specific milestones and measurable outcomes

This proposal lacks specific milestones indicating the time frame of development and implementation of the program. No information is provided regarding how long it will take to build the greenhouse, hire staff, set up the program, and begin operating. Additionally, no outcome measures are identified for use in evaluating the success and achievements of the project. No information is provided regarding how many pounds of vegetables might be produced and processed or how many households in Montana might benefit from the availability of additional canned goods from the food banks. The legislature might wish to:

- o Request information regarding the time needed to build the green house, set-up grow tubes, and hire staff
- o Make funding of this proposal contingent upon the inclusion of funding for the green house and equipment in the long range planning bill

Proprietary Rates-6034 Institutional Industries**Program Proposed Budget**

The following table summarizes the total executive budget proposal for this program by year.

6034 - Institutional Industries - Proposed Budget					
Item	Actual Base	FY 2010 Adjustments	FY 2010 Total	FY 2011 Adjustments	FY 2011 Total
FTE					
61000 Personal Services	\$1,192,655	\$23,758	\$1,216,413	\$28,204	\$1,220,859
62000 Operating Expenses	1,317,494	108,073	1,425,567	109,228	1,426,722
63000 Equipment	0	50,000	50,000	50,000	50,000
69000 Debt Service	0	0	0	0	0
Total Costs	<u>\$2,510,149</u>	<u>\$181,831</u>	<u>\$2,691,980</u>	<u>\$187,432</u>	<u>\$2,697,581</u>

Proprietary Program Description

Industries includes furniture, upholstery, print, sign, laundry, operation of the prison hobby store and two certified programs through the U.S. Department of Justice (custom cowboy boot manufacturing and assembly of waste management bags) at Montana State Prison. In addition, the industry program at Montana Women's Prison includes sewing and embroidery, heat transfers, hygiene kit assembly, oversight of the Prison Paws for Humanities Dog Training Program and three additional certified programs (custom lanyard manufacturing, bow sight assembly, and gun sling assembly and packaging).

Funding

The following table shows estimated funding sources for payments made by users of this program.

Estimated Funding For Payment To 6034 - Institutional Industries			
Payment Funding	Base	FY 2010	FY 2011
General Fund	\$1,362,318	\$1,362,318	\$1,362,318
State Special Revenue	3,971	3,971	3,971
Feders Special Revenue	0	0	0
All Other Funds	<u>1,279,528</u>	<u>1,278,711</u>	<u>1,278,711</u>
Total Payments	<u>\$2,645,817</u>	<u>\$2,645,000</u>	<u>\$2,645,000</u>

Program Narrative

Revenues for this program come from sales of merchandise such as furniture and signs and fees charged for printing and training of dogs.

Expenditures are driven by the cost of personal services and materials and may fluctuate with the addition or loss of specific contracts or functions within the programs.

Rates for the traditional industries programs such as furniture, upholstery, print and sign, hygiene kits, and sewing and embroidery are based on competitive product pricing and current market conditions. Rates for the certified programs are based on labor and overhead costs and services performed, per contract.

Laundry rates are based on the actual cost to process laundry for each customer. Rates are charged per pound. The base laundry rate is charged without delivery. Delivery charges to customers are based on the customer's poundage, number of miles to the customer, actual time involved in the delivery, and the number of customers on each delivery run. There will not be a cost increase in the upcoming biennium. If any profit is realized from operations, it is maintained within the industries fund to be used for future laundry equipment replacements.

The following table shows historical and anticipated future sources and uses of funds for the operation of this internal service fund.

2011 Biennium Report on Internal Service and Enterprise Funds				
06034 - Industries				
	Actual FY08	Budgeted FY09	Budgeted FY10	Budgeted FY11
Beginning Working Capital Balance	\$2,157,586	\$2,032,402	\$1,793,825	\$1,722,834
Operating Expenses:				
Personal Services	1,206,450	1,361,173	1,216,413	1,220,859
Other Operating Expenses	1,452,391	1,502,746	1,475,567	1,476,722
Other Expenses	0	19,658	24,011	23,008
Non Appropriated	0	0	0	0
Total Operating Expenses	<u>\$2,658,841</u>	<u>\$2,883,577</u>	<u>\$2,715,991</u>	<u>\$2,720,589</u>
Operating Revenues:				
Fee revenue/Product Sales	\$2,645,818	\$2,645,000	\$2,645,000	\$2,645,000
Food Bank Cannery	0	0	0	0
Other Revenue	0	0	0	0
Total Operating Revenue	<u>\$2,645,818</u>	<u>\$2,645,000</u>	<u>\$2,645,000</u>	<u>\$2,645,000</u>
Operating Gain (Loss)	(\$13,023)	(\$238,577)	(\$70,991)	(\$75,589)
Adjustment	(112,161)			
Ending Working Capital Balance	<u>\$2,032,402</u>	<u>\$1,793,825</u>	<u>\$1,722,834</u>	<u>\$1,647,245</u>
60 days of expenses (Total Operating Expenses divided by 6)	\$443,140	\$480,596	\$452,665	\$453,432

Present Law Adjustments

6034 - Institutional Industries - Presenet Law Adjustments				
	FY 2010 FTE	FY 2010 Costs	FY 2011 FTE	FY 2011 Costs
PL 000 Statewide Adjustments	0.00	(\$178,169)	0.00	(\$172,568)
PL 0401 Replacement Equipment	0.00	50,000	0.00	50,000
PL 0403 Staff Overtime and Inmate Payroll	0.00	210,000	0.00	210,000
PL 0405 Increased Spending Authority	0.00	100,000	0.00	100,000
Total Present Law	0.00	<u>\$181,831</u>	0.00	<u>\$187,432</u>

These DPs are split among proprietary funds and so will appear in the narrative for each fund

PL 401 Replacement Equipment – The ranch, industries, and food factory programs have a number of pieces of equipment that are used in the daily operation of the programs. Due to the heavy use of the equipment, replacement equipment is necessary for the continued operation of both programs.

Equipment is purchased only if it is deemed necessary and if adequate cash flows exist in the operations. The amount requested includes:

- o \$150,000 per year for the ranch
- o \$50,000 per year for industries.
- o \$74,000 for FY 2010 and \$215,000 for FY 2011 for the food factory for items such as: a cook tank (\$83,000), blast chiller (\$28,000), tumble chiller (\$99,000), utility washer (67,000), cooler monitoring system (\$7,000), and security cameras (\$5,000)

Purchase of this equipment will not affect customer rates on products sold.

PL 403 Staff Overtime and Inmate Payroll – This decision package requests funding for overtime and inmate payroll, which are zero based budget items. The amounts requested are:

- o Ranch - \$95,000 per year overtime and \$200,000 per year inmate payroll
- o Industries - \$20,000 per year overtime and \$190,000 per year inmate payroll
- o Food factory - \$5,000 per year overtime and \$40,500 per year inmate payroll

Inmate payroll is currently built into all rate and price structures.

PL 405 Increased Spending Authority - This decision package requests additional proprietary appropriation authority for the ranch, industries, and food factory operations including:

- o \$150,000 per year for the ranch
- o \$100,000 per year for industries
- o \$350,000 per year for the food factory

Increased appropriation authority in these programs will not affect the rate or price structures. Per the department, purchases are made only as needed and justified as economically good decisions.

The ranch enterprise fund (06033) has experienced cost increases on all animal feeds, equipment repairs, utilities, and other operational costs. The industries enterprise fund (06034) has experienced increases in costs of supplies and materials, utilities, repair and maintenance, delivery and raw products used for the manufacturing of furniture, print, signs, and upholstery. The food factory (06573) has experienced increases in the cost of operations, including the cost of goods sold, delivery, repair and maintenance, and other operating expenses. In addition Montana State Prison is adding 104 beds to the work dorm and other customers may be added in the near future.

New Proposals

None

Proprietary Rate Explanation

2011 Biennium Report on Internal Service and Enterprise Funds				
06034 - Industries				
Item	Actual FY 08	Actual FY 09	Budgeted FY10	Budgeted FY11
Base Laundry Price for Customer	0.43	0.43	0.43	0.43
Delivery Charger per Pound				
Montana Developmental Center	0.05	0.05	0.05	0.05
Riverside Youth Correctional Facility	0.05	0.05	0.05	0.05
Montana Law Enforcement Academy	0.15	0.15	0.15	0.15
START Program	0.04	0.04	0.04	0.04
Montana State Hospital	0.01	0.01	0.01	0.01

Proprietary Rates – 6033 Prison Ranch

Program Proposed Budget

The following table summarizes the total executive budget proposal for this program by year.

6033 - Ranch - Proposed Budget					
Item	Actual Base	FY 2010		FY 2011	
		Adjustments	Total	Adjustments	Total
FTE					
61000 Personal Services	\$1,338,316	\$186,084	\$1,524,400	\$188,675	\$1,526,991
62000 Operating Expenses	2,513,097	227,002	2,740,099	231,541	2,744,638
63000 Equipment	62,000	210,000	272,000	150,000	212,000
64000 Capital Outlay	74,900	0	74,900	0	74,900
69000 Debt Service	0	0	0	0	0
Total Costs	<u>\$3,988,313</u>	<u>\$623,086</u>	<u>\$4,611,399</u>	<u>\$570,216</u>	<u>\$4,558,529</u>

Proprietary Program Description

Agriculture includes beef and dairy cattle, crops, feedlot, dairy milking parlor, dairy processing, lumber processing, wild land fire crew, the community inmate worker program, and the Montana Food Bank Network Cannery, which are all located at the Montana State Prison facility.

Funding

The following table shows estimated funding sources for payments made by users of this program.

Estimated Funding For Payment To 6033 - Ranch			
Payment Funding	Base	FY 2010	FY 2011
General Fund	\$601,352	\$601,352	\$601,352
State Special Revenue	0	0	0
Feders Special Revenue	0	0	0
All Other Funds	<u>3,951,216</u>	<u>3,951,215</u>	<u>3,951,215</u>
Total Payments	<u>\$4,552,568</u>	<u>\$4,552,567</u>	<u>\$4,552,567</u>

Program Narrative

Revenues for this fund come from the sale of products.

Expenditures are driven by the personal service and operating costs.

Ranch and dairy rates are based on the current market price of cattle, crops, and dairy products. Lumber processing rates are based on the current market value of the services performed, per contract. The cannery rates are based on actual expenditures incurred, and passed on to the Montana Food Bank Network, Department of Public Health and Human Services and/or Department of Corrections.

The following table shows historical and anticipated future sources and uses of funds for the operation of this fund.

2011 Biennium Report on Internal Service and Enterprise Funds				
06033 Prison Ranch				
	Actual FY08	Budgeted FY09	Budgeted FY10	Budgeted FY11
Beginning Working Capital Balance	\$9,585,775	\$10,192,884	\$10,317,830	\$10,234,564
Operating Expenses:				
Personal Services	1,356,991	1,383,530	1,524,400	1,526,991
Other Operating Expenses	2,588,305	3,011,243	3,087,039	3,031,578
Other Expenses	0	23,208	24,394	23,597
Non Appropriated	0	9,640	0	0
Total Operating Expenses	\$3,945,296	\$4,427,621	\$4,635,833	\$4,582,166
Operating Revenues:				
Fee revenue/Product Sales	\$4,534,488	\$4,404,167	\$4,404,167	\$4,404,167
Food Bank Cannery	0	130,000	130,000	130,000
Other Revenue	17,917	18,400	18,400	18,400
Total Operating Revenue	\$4,552,405	\$4,552,567	\$4,552,567	\$4,552,567
Operating Gain (Loss)	\$607,109	\$124,946	(\$83,266)	(\$29,599)
Ending Working Capital Balance	\$10,192,884	\$10,317,830	\$10,234,564	\$10,204,965
60 days of expenses (Total Operating Expenses divided by 6)	\$657,549	\$737,937	\$772,639	\$763,694

Present Law Adjustments

6033 - Ranch				
	FY 2010 FTE	FY 2010 Costs	FY 2011 FTE	FY 2011 Costs
PL 000 Statewide Adjustments	0.00	(\$95,356)	0.00	(\$84,066)
PL 0401 Replacement Equipment	0.00	150,000	0.00	150,000
PL 0403 Staff Overtime and Inmate Payroll	0.00	295,000	0.00	295,000
PL 0405 Increased Spending Authority	0.00	150,000	0.00	150,000
Total Present Law	0.00	\$499,644	0.00	\$510,934

PL 401 Replacement Equipment – The ranch, industries, and food factory programs have a number of pieces of equipment that are used in the daily operation of the programs. Due to the heavy use of the equipment, replacement equipment is necessary for the continued operation of both programs.

Equipment is purchased only if it is deemed necessary and if adequate cash flows exist in the operations. The amount requested includes:

- o \$150,000 per year for the ranch
- o \$50,000 per year for industries.
- o \$74,000 for FY 2010 and \$215,000 for FY 2011 for the food factory for items such as: a cook tank (\$83,000), blast chiller (\$28,000), tumble chiller (\$99,000), utility washer (67,000), cooler monitoring system (\$7,000) and security cameras (\$5,000)

Purchase of this equipment will not affect customer rates on products sold.

PL 403 Staff Overtime and Inmate Payroll – This decision package requests funding for overtime and inmate payroll, which are zero based budget items. The amounts requested are:

- o Ranch - \$95,000 per year overtime and \$200,000 per year inmate payroll
- o Industries - \$20,000 per year overtime and \$190,000 per year inmate payroll
- o Food factory - \$5,000 per year overtime and \$40,500 per year inmate payroll

Inmate payroll is currently built into all rate and price structures.

PL 405 Increased Spending Authority - This decision package requests additional proprietary appropriation authority for the ranch, industries and food factory operations including:

- o \$150,000 per year for the ranch
- o \$100,000 per year for industries
- o \$350,000 per year for the food factory

Increased appropriation authority in these programs will not affect the rate or price structures. Per the department, purchases are made only as needed and justified as economically good decisions.

The ranch enterprise fund (06033) has experience cost increases on all animal feeds, equipment repairs, utilities and other operational costs. The industries enterprise fund (06034) has experienced increases in costs of supplies and materials, utilities, repair and maintenance, delivery and raw products used for the manufacturing of furniture, print, signs and upholstery. The food factory (06573) has experienced increases in cost of operations, including cost of goods sold, delivery, repair and maintenance, and other operating expenses. In addition Montana State Prison is adding 104 beds to the work dorm and other customers may be added in the near future.

New Proposals

6033 - Ranch - New Proposals				
	FY 2010	FY 2010	FY 2011	FY 2011
	FTE	Costs	FTE	Costs
NP 0408 Alt. Energy Biomass Burner	0.00	\$123,442	0.00	\$59,282
	0.00	-	0.00	-
	0.00	-	0.00	-
	<u>0.00</u>	<u>-</u>	<u>0.00</u>	<u>-</u>
Total New Proposals	0.00	<u>\$123,442</u>	0.00	<u>\$59,282</u>

NP 408 – Alt. Energy Biomass Burner – This decision package requests \$182,724 proprietary funds for the biennium for a small wood products biomass that would be placed between the dairy and the Montana State Prison (MSP) work dorm. The burner would supply hot water and steam to these two buildings for domestic hot water, heating, and dairy processing and cleanup. Fuel or biomass for this burner will be harvested from slash and timber thinning residue from timber operations on the MCE forestland. One (1.0) FTE will be needed to operate the burner and coordinate the harvest and transportation of the biomass wood supply to the burner as well as supervise an inmate crew. Annual operating expenses without fuel costs are estimated at \$15,000. One time only start-up costs are estimated to be \$64,200. Ranch owned trucks and loaders would be utilized for loading and hauling wood to the biomass burner site. Funding for construction of this proposal is included in the long range planning request.

Proprietary Rates – 6573 Cook Chill

Proposed Program Budget

The following table summarizes the total executive budget proposal for this program by year.

6573 - Food Factory - Proposed Budget					
Item	Actual Base	FY 2010		FY 2011	
		Adjustments	Total	Adjustments	Total
FTE					
61000 Personal Services	\$864,057	\$58,704	\$922,761	\$61,557	\$925,614
62000 Operating Expenses	2,367,095	359,486	2,726,581	360,336	2,727,431
63000 Equipment	22,441	74,000	96,441	215,000	237,441
64000 Capital Outlay	0	0	0	0	0
69000 Debt Service	0	0	0	0	0
Total Costs	<u>\$3,253,593</u>	<u>\$492,190</u>	<u>\$3,745,783</u>	<u>\$636,893</u>	<u>\$3,890,486</u>

Proprietary Program Description

Food Factory operates a cook chill operation and bakery, which provide food products to various institutions and non-profit organizations.

Funding

The following table shows estimated funding sources for payments made by users of this program.

Estimated Funding For Payment To 6573 - Food Factory			
Payment Funding	Base	FY 2010	FY 2011
General Fund	\$3,272,184	\$3,696,660	\$3,696,660
State Special Revenue	0	0	0
Feders Special Revenue	0	0	0
All Other Funds	<u>53,340</u>	<u>53,340</u>	<u>53,340</u>
Total Payments	<u>\$3,325,524</u>	<u>\$3,750,000</u>	<u>\$3,750,000</u>

Program Narrative

The costs of this program are driven primarily by the cost of personal services and operating costs such as food and utilities.

The revenues for this program come from the sale of trayed meals and bulk food.

Rates are based on the cost of raw product, supplies, and other operating expenditures. All meal prices are commensurate with actual costs incurred. If any profit is realized, it is maintained within the food factory fund to be used for future equipment replacement. Customers who purchase bulk food are charged the actual cost of the food product with a 4 percent spoilage charge. In addition, they are charged a percentage of the overhead for the program based on their actual food costs as a percentage of all food purchased. Customers who purchase tray meals are charged for the food and overhead as a tray meal cost. Delivery to all customers is based on the number of miles to the customer, actual time involved in the delivery, and the numbers of customers on each delivery run.

The following table shows historical and anticipated future sources and uses of funds for the operation of this fund.

2011 Biennium Report on Internal Service and Enterprise Funds				
06573 - Cook Chill				
	Actual FY08	Budgeted FY09	Budgeted FY10	Budgeted FY11
Beginning Working Capital Balance	\$3,686,707	\$3,482,197	\$2,895,224	\$2,874,366
Operating Expenses:				
Personal Services	861,919	933,702	922,761	925,614
Other Operating Expenses	2,668,115	2,664,860	2,823,022	2,964,872
Other Expenses	0	20,935	25,075	24,136
Non Appropriated	0	293,000	0	0
Total Operating Expenses	<u>\$3,530,034</u>	<u>\$3,912,497</u>	<u>\$3,770,858</u>	<u>\$3,914,622</u>
Operating Revenues:				
Fee revenue/Product Sales	\$3,325,524	\$3,325,524	\$3,750,000	\$3,900,000
Food Bank Cannery	0	0	0	0
Other Revenue	0	0	0	0
Total Operating Revenue	<u>\$3,325,524</u>	<u>\$3,325,524</u>	<u>\$3,750,000</u>	<u>\$3,900,000</u>
Operating Gain (Loss)	(\$204,510)	(\$586,973)	(\$20,858)	(\$14,622)
Adjustment	0			
Ending Working Capital Balance	<u>\$3,482,197</u>	<u>\$2,895,224</u>	<u>\$2,874,366</u>	<u>\$2,859,744</u>
60 days of expenses (Total Operating Expenses divided by 6)	\$588,339	\$652,083	\$628,476	\$652,437

Present Law Adjustments

6573 - Food Factory				
	FY 2010 FTE	FY 2010 Costs	FY 2011 FTE	FY 2011 Costs
PL 000 Statewide Adjustments	0.00	\$22,690	0.00	\$26,393
PL 0401 Replacement Equipment	0.00	74,000	0.00	215,000
PL 0403 Staff Overtime and Inmate Payroll	0.00	45,500	0.00	45,500
PL 0405 Increased Spending Authority	0.00	350,000	0.00	350,000
Total Present Law	0.00	<u>\$492,190</u>	0.00	<u>\$636,893</u>

PL 401 Replacement Equipment – The ranch, industries, and food factory programs have a number of pieces of equipment that are used in the daily operation of the programs. Due to the heavy use of the equipment, replacement equipment is necessary for the continued operation of both programs.

Equipment is purchased only if it is deemed necessary and if adequate cash flows exist in the operations. The amount requested includes:

- o \$150,000 per year for the ranch
- o \$50,000 per year for industries.
- o \$74,000 for FY 2010 and \$215,000 for FY 2011 for the food factory for items such as: a cook tank (\$83,000), blast chiller (\$28,000), tumble chiller (\$99,000), utility washer (67,000), cooler monitoring system (\$7,000) and security cameras (\$5,000)

Purchase of this equipment will not affect customer rates on products sold.

PL 403 Staff Overtime and Inmate Payroll – This decision package requests funding for overtime and inmate payroll, which are zero based budget items. The amounts requested are:

- o Ranch - \$95,000 per year overtime and \$200,000 per year inmate payroll
- o Industries - \$20,000 per year overtime and \$190,000 per year inmate payroll
- o Food factory - \$5,000 per year overtime and \$40,500 per year inmate payroll

Inmate payroll is currently built into all rate and price structures.

PL 405 Increased Spending Authority - This decision package requests additional proprietary appropriation authority for the ranch, industries and food factory operations including:

- o \$150,000 per year for the ranch
- o \$100,000 per year for industries
- o \$350,000 per year for the food factory

Increased appropriation authority in these programs will not affect the rate or price structures. Per the department, purchases are made only as needed and justified as economically good decisions.

The ranch enterprise fund (06033) has experience cost increases on all animal feeds, equipment repairs, utilities and other operational costs. The industries enterprise fund (06034) has experienced increases in costs of supplies and materials, utilities, repair and maintenance, delivery and raw products used for the manufacturing of furniture, print, signs and upholstery. The food factory (06573) has experienced increases in cost of operations, including cost of goods sold, delivery, repair and maintenance, and other operating expenses. In addition Montana State Prison is adding 104 beds to the work dorm and other customers may be added in the near future.

New Proposals

None

Proprietary Rate Explanation

2011 Biennium Report on Internal Service and Enterprise Funds				
06573 - Cook Chill				
Item	Actual FY 08	Actual FY 09	Budgeted FY10	Budgeted FY11
Base Tray - No Delivery	\$1.37	\$1.37	\$1.69	\$1.69
Delivery Charge - Per Mile			0.50	0.50
Deliver Charge - Per Hour			35.00	35.00
<u>Delivery Charge Per Trayed Meal</u>				
Montana State Prison	0.01	0.01		
Riverside Youth Correctional Facility	0.64	0.64		
Helena Prerelease	0.64	0.64		
WATCH DUI Program	0.22	0.22		
Elkhorn Methamphetamine Treatment Ctr	0.64	0.64		
Anaconda Deer Lodge County Jail	1.13	1.13		
Spoilage Percentage - All Customers	4.0%	4.0%	4.0%	4.0%
<u>Overhead Charge</u>				
Montana State Hospital	9.0%	9.0%		
Montana State Hospital - Supplies Only			12.0%	12.0%
Montana State Hospital - Except Supplies			6.0%	6.0%
Montana State Prison	65.0%	65.0%		
Montana State Prison - Supplies Only			77.0%	77.0%
Montana State Prison - Except Supplies			41.0%	41.0%
Treas State Corr Training Ctr.	8.0%	8.0%		
Treas State Corr Training Ctr.- Supplies			11.0%	11.0%
Treas State Corr Training Ctr. - Excpt Supp			6.0%	6.0%

Proprietary Rates – 06545 – Prison Industries Training Program (Vocational Education)**Program Proposed Budget**

Funding for this program is included in HB2 appropriations.

Proprietary Program Description

Vocational Education operates a motor vehicle maintenance shop and custom Toyota training cutaway operation in addition to the general fund programs.

Funding

The following table shows estimated funding sources for payments made by users of this program.

Estimated Funding For Payment To 6545 - Vocational Education			
Payment Funding	Base	FY 2010	FY 2011
General Fund	\$165,183	\$220,890	\$220,890
State Special Revenue	0	0	0
Feders Special Revenue	0	0	0
All Other Funds	<u>279,882</u>	<u>376,110</u>	<u>376,110</u>
Total Payments	<u>\$445,065</u>	<u>\$597,000</u>	<u>\$597,000</u>

Program Narrative

The primary cost drivers of this program are personal services and parts costs.

Revenue comes from labor charges for repairs and the sale of parts and supplies.

Motor vehicle maintenance rates are based on the cost of parts and supplies and a labor charge for vehicle repairs. The labor charge is based on cost of civilian and inmate labor and program overhead. The Toyota Training Cutaway Program rates are based on services performed for the Toyota Corporation, per contract.

The following table shows historical and anticipated future sources and uses of funds for the operation of this fund.

2011 Biennium Report on Internal Service and Enterprise Funds 06545 Vocational Education				
	Actual FY08	Budgeted FY09	Budgeted FY10	Budgeted FY11
Beginning Working Capital Balance	\$136,218	\$66,202	\$17,112	\$26,840
Operating Expenses:				
Personal Services	235,887	272,923	265,084	265,084
Other Operating Expenses	280,294	209,992	308,681	308,681
Other Expenses	0	11,240	13,507	12,962
Non Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Operating Expenses	<u>\$516,181</u>	<u>\$494,155</u>	<u>\$587,272</u>	<u>\$586,727</u>
Operating Revenues:				
Fee revenue/Product Sales	\$446,165	\$445,065	\$597,000	\$597,000
Food Bank Cannery	0	0	0	0
Other Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Operating Revenue	<u>\$446,165</u>	<u>\$445,065</u>	<u>\$597,000</u>	<u>\$597,000</u>
Operating Gain (Loss)	(\$70,016)	(\$49,090)	\$9,728	\$10,273
Adjustment	0			
Ending Working Capital Balance	<u>\$66,202</u>	<u>\$17,112</u>	<u>\$26,840</u>	<u>\$37,113</u>
60 days of expenses (Total Operating Expenses divided by 6)	\$86,030	\$82,359	\$97,879	\$97,788

Present Law Adjustments

None

New Proposals

None

Proprietary Rate Explanation

2011 Biennium Report on Internal Service and Enterprise Funds				
06545 Vocational Education				
Item	Actual FY 08	Actual FY 09	Budgeted FY10	Budgeted FY11
Labor Charge for Motor Vehicle Maint.	26.50	26.50	26.50	26.50
Supply Fee as Percentage of Actual				
Cost of Parts	3.0%	3.0%	3.0%	3.0%
Parts	actual cost	actual cost	actual cost	actual cost

Program Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	210.85	210.85	212.85	212.85	210.85	212.85	2.00	0.95%
Personal Services	10,738,240	11,346,664	11,489,642	11,528,576	22,084,904	23,018,218	933,314	4.23%
Operating Expenses	2,111,752	2,416,440	3,020,365	2,878,825	4,528,192	5,899,190	1,370,998	30.28%
Equipment & Intangible Assets	0	6,500	0	0	6,500	0	(6,500)	(100.00%)
Benefits & Claims	4,175,855	4,508,563	4,175,855	4,175,855	8,684,418	8,351,710	(332,708)	(3.83%)
Transfers	2,124,917	1,866,299	2,124,917	2,124,917	3,991,216	4,249,834	258,618	6.48%
Total Costs	\$19,150,764	\$20,144,466	\$20,810,779	\$20,708,173	\$39,295,230	\$41,518,952	\$2,223,722	5.66%
General Fund	18,297,444	19,155,205	19,957,459	19,854,853	37,452,649	39,812,312	2,359,663	6.30%
State Special	846,365	850,885	846,365	846,365	1,697,250	1,692,730	(4,520)	(0.27%)
Federal Special	6,955	138,376	6,955	6,955	145,331	13,910	(131,421)	(90.43%)
Total Funds	\$19,150,764	\$20,144,466	\$20,810,779	\$20,708,173	\$39,295,230	\$41,518,952	\$2,223,722	5.66%

Program Description

The Youth Services Division is responsible for all state operated youth programs including Pine Hills Youth Correctional Facility (PHYCF) for males in Miles City, Riverside Youth Correctional Facility (RYCF) for females in Boulder, youth community corrections including juvenile parole, interstate compact services for probation and parole, reentry services, transition centers, detention licensing, and transportation. Additional responsibilities of the division include research, training, and administrative support services.

Program Highlights

Youth Services Division Major Budget Highlights	
<ul style="list-style-type: none"> ◆ Funding for this division increases 5.7 percent (\$2.2 million) between the 2009 and 2011 biennia, general fund support increases 6.3 percent (\$2.4 million) over the same time period ◆ The increased general fund is primarily due to: <ul style="list-style-type: none"> • Continued funding of the Juvenile Re-entry Program, \$1.6 million and 2.00 FTE • A request for repairs to Riverside Youth Correctional Facility, \$0.2 million • Overtime costs and statewide present law adjustments 	
Major LFD Issues	
<ul style="list-style-type: none"> ◆ The division has few measurable objectives related on one of the agency goals ◆ Given that about 35 percent of the appropriation for juvenile placements was unexpended and transferred to the Youth Court Intervention and Prevention Account, the legislature may wish to review the level of appropriation provided 	

Program Narrative

Goals and Objectives:

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- Goals, objectives and year-to-date outcomes from the 2009 biennium
- Goals and objectives and their correlation to the 2011 biennium budget request

2009 Biennium Major Goals

The following provides an update on the major goals monitored during the current interim.

Goal 1 – Juvenile Reentry – While recognizing that the courts make the final decision on sentencing youth to a correctional facility, the Department of Corrections goal is that the utilization of reentry services for juvenile offenders assists in holding the new admissions level at Pine Hills Youth Correctional Facility to less than 84 per year.

- Successes
 - As of March 2008, there were 54 new admissions to PHYCF
 - In FY 2006, 120 youth in the target population (or 44.6 percent of the population) received 401 services
 - In FY 2007, 128 youth in the target population (or 57.1 percent of the population) received 317 services
 - In the first half of FY 2008, 153 youth in the target population (or 73.56 percent of the population) received 381 services

2011 Biennium Major Goals

The following provides an overview of major goals for the 2011 interim.

Goal 1 – To operate correctional programs that emphasize offender accountability and rehabilitation, staff professionalism and responsibility, public safety, and efficient use of taxpayer dollars.

- Objectives
 - Increase the number of community service hours worked, the amount of hours worked and amount and the amount paid to victims

Goal 2 – To provide an employment and program environment based on professionalism, personal responsibility, and respect for each individual.

- Objectives
 - Continue participation in labor-management committees
 - Continue to conduct regular performance appraisals
 - Provide training on interstate compact procedures for juvenile probation officers, juvenile parole officers, correctional facilities' case managers, and pertinent staff at the Supreme Court Administrator's Office

**LFD
ISSUE****Adequate Number of Measurable Objectives**

It would seem that the Youth Services Division would have more than one objective related to goal 1, which has to do with offender accountability and rehabilitation. While this goal would seem to be a core goal of the division and department, the legislature is left with minimal measurable program objectives to correlate to a division budget of \$41.5 million. The division does track a number of indicators such as recidivism, escapes, educational improvement, and restitution. The legislature may wish to discuss with the division the development of additional measurable objectives related to Goal 1 above. The legislature may also wish to recommend that progress toward achievement of these measurable objectives be monitored during the interim.

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

Program Funding Table Youth Services							
Program Funding		Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000	Total General Fund	\$ 18,297,444	95.5%	\$ 19,957,459	95.9%	\$ 19,854,853	95.9%
	01100 General Fund	18,297,444	95.5%	19,957,459	95.9%	19,854,853	95.9%
02000	Total State Special Funds	846,365	4.4%	846,365	4.1%	846,365	4.1%
	02034 Earmarked Alcohol Funds	25,523	0.1%	25,523	0.1%	25,523	0.1%
	02916 Phs-Canteen	3,575	0.0%	3,575	0.0%	3,575	0.0%
	02927 Phs Donations/I & I	410,115	2.1%	410,115	2.0%	410,115	2.0%
	02970 Juvenile Plcmnt Cost Of Care	407,152	2.1%	407,152	2.0%	407,152	2.0%
03000	Total Federal Special Funds	6,955	0.0%	6,955	0.0%	6,955	0.0%
	03084 Mvs-School Foods	-	-	-	-	-	-
	03089 Phs-School Foods	-	-	-	-	-	-
	03099 Phs-Esea Title I	-	-	-	-	-	-
	03315 Misc Federal Grants	-	-	-	-	-	-
	03316 Mbcc Grants	5,936	0.0%	5,936	0.0%	5,936	0.0%
	03530 6901-Foster Care 93.658	1,019	0.0%	1,019	0.0%	1,019	0.0%
Grand	Total	\$ 19,150,764	100.0%	\$ 20,810,779	100.0%	\$ 20,708,173	100.0%

General fund provides almost 96 percent of the funding for the division. State special revenue primarily from collections for the costs of care of youth in placement and interest and income related to Pine Hills provides about 4 percent of the division funding. The division also receives a small amount of federal funds from grants.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	18,297,444	18,297,444	36,594,888	91.92%	19,150,764	19,150,764	38,301,528	92.25%
Statewide PL Adjustments	333,392	380,659	714,051	1.79%	333,392	380,659	714,051	1.72%
Other PL Adjustments	365,389	365,389	730,778	1.84%	365,389	365,389	730,778	1.76%
New Proposals	961,234	811,361	1,772,595	4.45%	961,234	811,361	1,772,595	4.27%
Total Budget	\$19,957,459	\$19,854,853	\$39,812,312		\$20,810,779	\$20,708,173	\$41,518,952	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these

items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----						-----Fiscal 2011-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				731,516						771,942
Vacancy Savings				(458,794)						(460,413)
Inflation/Deflation				60,670						69,130
Total Statewide Present Law Adjustments				\$333,392						\$380,659
DP 502 - Youth Services Division Overtime - Zero Based										
0.00	326,835	0	0	326,835		0.00	326,835	0	0	326,835
DP 503 - Youth Services Division Inmate Pay - Zero Based										
0.00	38,554	0	0	38,554		0.00	38,554	0	0	38,554
Total Other Present Law Adjustments										
0.00	\$365,389	\$0	\$0	\$365,389		0.00	\$365,389	\$0	\$0	\$365,389
Grand Total All Present Law Adjustments				\$698,781						\$746,048

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- o **Market Rate** – Youth Services Division indicates that its current market ratio compared to the 2006 market survey is 105.5 percent. The division anticipates that this will decline to 92.5 percent of the 2008 market survey. The division generally follows agency policy with new employees hired at 80 percent of market and progressing to the market rate of pay over five years. However, the division indicates that due to recruitment and retention difficulties some exceptions may be made. The division indicates that market rates for correctional officers, medical, and treatment professions are inadequate to recruit and retain staff.
- o **Vacancy** – The division indicates that it has difficulty filling vacant teaching positions and that the department recruiter is focusing on this area when working with college and university placement staff and at job fairs.
- o **Legislatively applied vacancy savings** – The 2007 Legislature did not apply vacancy savings (4 percent) to direct care workers at youth correctional facilities. However, the department did achieve vacancy savings in this area. A portion of the savings was utilized in non-direct care areas of the division. In addition the department estimates it reverted about \$110,000 general fund appropriated for personal services.
- o **Pay Changes** – The division provided the following types of pay changes in addition to those included in the legislatively approved pay plan:
 - Placement of non union staff on the five year entry to market progression effective July, 2007
 - Progression to market or competency increases to reflect career ladders and the agency policy of moving employees to market over a five year period
 - The 0.6 percent discretionary funding provided in the pay plan for the 2009 biennium was used in combination with general pay plan funding to fund market or competency adjustments. The 0.6 percent was provided to staff who were at or above market upon successful completion of the agreed upon competency building training.
- o **Retirements** - The division estimates 14 positions with a projected payout liability totaling \$186,304 will be eligible for retirement in the 2011 biennium. Five employees retired during FY 2008 and the division anticipates a similar number will retire during FY 2009. The division has the potential to lose three top level managers over the 2011 biennium. Individual facilities have established career chains to prepare for those retirements. The department human resource office has begun work on a workforce development and succession plan.

Sub-Program Details

JUVENILE CORRECTIONS ADMIN 01

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	3.00	0.00	0.00	3.00	0.00	0.00	3.00	3.00
Personal Services	240,012	(7,366)	0	232,646	(6,414)	0	233,598	466,244
Operating Expenses	47,745	1,610	0	49,355	1,985	0	49,730	99,085
Total Costs	\$287,757	(\$5,756)	\$0	\$282,001	(\$4,429)	\$0	\$283,328	\$565,329
General Fund	287,757	(5,756)	0	282,001	(4,429)	0	283,328	565,329
Total Funds	\$287,757	(\$5,756)	\$0	\$282,001	(\$4,429)	\$0	\$283,328	\$565,329

Sub-Program Description

This subprogram includes the division administrator and statewide management functions for the division.

LFD
COMMENT

Funding to replace the facility currently housing this program is included in the Long-Range Building proposal.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	287,757	287,757	575,514	101.80%	287,757	287,757	575,514	101.80%
Statewide PL Adjustments	(5,756)	(4,429)	(10,185)	(1.80%)	(5,756)	(4,429)	(10,185)	(1.80%)
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$282,001	\$283,328	\$565,329		\$282,001	\$283,328	\$565,329	

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2010-----					-----Fiscal 2011-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				2,327					3,319
Vacancy Savings				(9,693)					(9,733)
Inflation/Deflation				1,610					1,985
Total Statewide Present Law Adjustments				(\$5,756)					(\$4,429)
Grand Total All Present Law Adjustments				(\$5,756)					(\$4,429)

Sub-Program Details

JUVENILE CORRECTIONS BUREAU 02

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	22.50	0.00	2.00	24.50	0.00	2.00	24.50	24.50
Personal Services	1,373,213	11,219	113,291	1,497,723	16,574	113,418	1,503,205	3,000,928
Operating Expenses	343,551	17,786	697,943	1,059,280	19,424	697,943	1,060,918	2,120,198
Total Costs	\$1,716,764	\$29,005	\$811,234	\$2,557,003	\$35,998	\$811,361	\$2,564,123	\$5,121,126
General Fund	1,716,764	29,005	811,234	2,557,003	35,998	811,361	2,564,123	5,121,126
Total Funds	\$1,716,764	\$29,005	\$811,234	\$2,557,003	\$35,998	\$811,361	\$2,564,123	\$5,121,126

Sub-Program Description

This subprogram includes juvenile community corrections functions such as parole officers and the Juvenile Reentry Program.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	1,716,764	1,716,764	3,433,528	67.05%	1,716,764	1,716,764	3,433,528	67.05%
Statewide PL Adjustments	29,005	35,998	65,003	1.27%	29,005	35,998	65,003	1.27%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	811,234	811,361	1,622,595	31.68%	811,234	811,361	1,622,595	31.68%
Total Budget	\$2,557,003	\$2,564,123	\$5,121,126		\$2,557,003	\$2,564,123	\$5,121,126	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
FTE	-----Fiscal 2010-----				-----Fiscal 2011-----				Total Funds
	General Fund	State Special	Federal Special	Total Funds	General Fund	State Special	Federal Special	Total Funds	
Personal Services				68,904					74,484
Vacancy Savings				(57,685)					(57,910)
Inflation/Deflation				17,786					19,424
Total Statewide Present Law Adjustments				\$29,005					\$35,998
Grand Total All Present Law Adjustments				\$29,005					\$35,998

New Proposals

New Proposals										
Sub Program	Fiscal 2010					Fiscal 2011				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 501 - Juvenile Re-Entry										
02	2.00	811,234	0	0	811,234	2.00	811,361	0	0	811,361
Total	2.00	\$811,234	\$0	\$0	\$811,234 *	2.00	\$811,361	\$0	\$0	\$811,361 *

DP 501 - Juvenile Re-Entry - The division requests general fund of \$811,234 in FY 2010 and \$811,361 in FY 2011 to continue the Juvenile Re-Entry Program, which is a community based program for youth released from secure facilities. Components of the program include housing, and mentoring, faith based, and health related services. The program was funded with federal grant funds from 2003 to 2007 and a shift to utilization of general fund for the program was approved by the 2007 Legislature as a one-time-only appropriation. Because the program was funded as a one-time-only appropriation it is not included in the base budget and must be requested as a new proposal for the 2011 biennium. The request includes 2.00 FTE.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: This community-based program for youth released for the department's secure facility was funded through a general fund appropriation in the last legislative session. The program provides support to youth as they reintegrate into community settings and the department believes it is partly responsible for the department being able to control population at the two secure youth facilities at levels that allowed closure of two housing units at Pine Hills.

Project Outcomes: Providing more appropriate services to youth and lower returns to a secure-care facility.

Milestones: The Youth Services Division would like to maintain DOC recidivism for felony offences at or below 10 percent. This will be done by maintaining a high level of re-entry services consisting of mentoring programs, family guide services, and youth guide homes. Youth services will continue providing chemical dependency, mental health and employment services to youth. Three or more services will be provided per youth in addition to parole supervision and the division would continue serving 20 youth in guide home placements and 50 youth with mentoring services during FY 2010 and 2011. A report would be made in January 2010 for first six months and in July 2011 for complete fiscal year and in January 2011 for the first six months and July 2012 for complete fiscal year.

FTE: 2.00 FTE

Funding: general fund

Obstacles: While the courts make the final decision on committing youth to a correctional facility, the Department of Corrections' goal is to continue using re-entry services for juvenile offenders to provide the appropriate services, as determined by assessment, to youth in order to provide the best opportunity for success upon return to the community. One obstacle is that courts sometimes commit youth near their 18th birthday, giving little time or opportunity to provide re-entry services. There are other difficulties in recruiting providers for guide home services, mentoring services, and faith and health services. Without re-entry funding it would be impossible to provide these services and opportunities.

Risks: Without re-entry funding, youth would not receive the appropriate services to transition from correctional facilities to the community. Often, due to lack of placement options, youth have to remain in the correctional facility until age 18 and have no opportunity to transition to the community with parole and community team support, potentially increasing the populations at youth correctional facilities.

**LFD
COMMENT**

A goal related to the juvenile reentry program was monitored by the Legislative Finance Committee (LFC) during the interim. The department last reported to the LFC in June of 2008. The legislature may wish to request that the division review the current status of the performance measures included in the report to the LFC and utilize this information in deciding if funding for the program should be continued. The legislature may also wish to ask the division what the 2011 biennium goals for this program are and consider recommending continued monitoring of progress during the interim.

Sub-Program Details

RIVERSIDE YOUTH CORRECTIONAL FACIL 03

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	33.00	0.00	0.00	33.00	0.00	0.00	33.00	33.00
Personal Services	1,532,230	198,835	0	1,731,065	203,893	0	1,736,123	3,467,188
Operating Expenses	368,466	7,946	150,000	526,412	8,832	0	377,298	903,710
Total Costs	\$1,900,696	\$206,781	\$150,000	\$2,257,477	\$212,725	\$0	\$2,113,421	\$4,370,898
General Fund	1,872,715	206,781	150,000	2,229,496	212,725	0	2,085,440	4,314,936
State/Other Special	22,045	0	0	22,045	0	0	22,045	44,090
Federal Special	5,936	0	0	5,936	0	0	5,936	11,872
Total Funds	\$1,900,696	\$206,781	\$150,000	\$2,257,477	\$212,725	\$0	\$2,113,421	\$4,370,898

Sub-Program Description

This subprogram consists of Riverside Youth Correctional Facility, which is the state operated juvenile correctional institution for females located in Boulder.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	1,872,715	1,872,715	3,745,430	86.80%	1,900,696	1,900,696	3,801,392	86.97%
Statewide PL Adjustments	161,112	167,056	328,168	7.61%	161,112	167,056	328,168	7.51%
Other PL Adjustments	45,669	45,669	91,338	2.12%	45,669	45,669	91,338	2.09%
New Proposals	150,000	0	150,000	3.48%	150,000	0	150,000	3.43%
Total Budget	\$2,229,496	\$2,085,440	\$4,314,936		\$2,257,477	\$2,113,421	\$4,370,898	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2010-----					-----Fiscal 2011-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				223,391					228,661
Vacancy Savings				(70,225)					(70,437)
Inflation/Deflation				7,946					8,832
Total Statewide Present Law Adjustments				\$161,112					\$167,056
DP 502 - Youth Services Division Overtime - Zero Based									
0.00	40,669		0	0	40,669	0.00	40,669	0	0
DP 503 - Youth Services Division Inmate Pay - Zero Based									
0.00	5,000		0	0	5,000	0.00	5,000	0	0
Total Other Present Law Adjustments									
0.00	\$45,669		\$0	\$0	\$45,669	0.00	\$45,669	\$0	\$0
Grand Total All Present Law Adjustments				\$206,781					\$212,725

DP 502 - Youth Services Division Overtime - Zero Based - The division requests \$326,835 general fund each year of the biennium for over time and holiday worked. Overtime is a zero-based budget item and is not included in the adjusted base and must be requested in a decision package. The amount of funding requested for each facility is:

- Riverside Youth Correctional Facility - \$40,669
- Transition Center - \$29,774
- Pine Hills Youth Correctional Facility - \$256,392

LFD COMMENT

The amount requested in this decision package is consistent with the amount expended in FY 2008.

DP 503 - Youth Services Division Inmate Pay - Zero Based - The division requests \$38,554 general fund for each year of the biennium for inmate pay. The money earned by youth is used to pay victims restitution for acts committed by the youth. The division indicates that this gives youth an opportunity to learn about the consequences of their actions and the ability to repay victims for some of the damages (restorative justice). Inmate pay is a zero-based budget item and is not included in the adjusted base and must be requested in a decision package. The division is requesting \$5,000 each year for Riverside Youth Correctional Facility and \$33,554 each year for Pine Hills Youth Correctional Facility.

LFD COMMENT

The department requests about a \$5,000 per year increase in funding for inmate pay at Riverside Youth Correctional Facility. The remodeling of the kitchen and implementation of related offender work opportunities was not achieved until a few weeks before the end of FY 2008. Therefore, inmate pay in the base budget year was minimal.

New Proposals

New Proposals										
-----Fiscal 2010-----						-----Fiscal 2011-----				
Sub Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 506 - Riverside Repairs - (Bien/OTO)										
03	0.00	150,000	0	0	150,000	0.00	0	0	0	0
Total	0.00	\$150,000	\$0	\$0	\$150,000 *	0.00	\$0	\$0	\$0	\$0 *

DP 506 - Riverside Repairs - (Bien/OTO) - This decision package requests \$150,000 general fund as a one-time-only, biennial appropriation for repairs to the female youth correctional facility. This funding would be used to replace windows for energy efficiency, update and relocate offices and to the bathrooms so the facility would be in compliance with the Americans with Disability Act (ADA).

**LFD
ISSUE**

More Appropriate for Long Range Building

Building repair and maintenance are typically incorporated into the funding provide through the long range building program. The legislature may wish to consider funding for this item as a part of the long range planning bills.

Sub-Program Details

TRANSITION CENTERS 04

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	17.00	0.00	0.00	17.00	0.00	0.00	17.00	17.00
Personal Services	787,663	12,693	0	800,356	15,641	0	803,304	1,603,660
Operating Expenses	149,837	5,766	0	155,603	6,891	0	156,728	312,331
Total Costs	\$937,500	\$18,459	\$0	\$955,959	\$22,532	\$0	\$960,032	\$1,915,991
General Fund	917,315	18,459	0	935,774	22,532	0	939,847	1,875,621
State/Other Special	20,185	0	0	20,185	0	0	20,185	40,370
Total Funds	\$937,500	\$18,459	\$0	\$955,959	\$22,532	\$0	\$960,032	\$1,915,991

Sub-Program Description

This subprogram includes the youth transition center, a group home for youth returning to the community that is located in Great Falls.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	917,315	917,315	1,834,630	97.81%	937,500	937,500	1,875,000	97.86%
Statewide PL Adjustments	(11,315)	(7,242)	(18,557)	(0.99%)	(11,315)	(7,242)	(18,557)	(0.97%)
Other PL Adjustments	29,774	29,774	59,548	3.17%	29,774	29,774	59,548	3.11%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$935,774	\$939,847	\$1,875,621		\$955,959	\$960,032	\$1,915,991	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2010-----					-----Fiscal 2011-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				15,028					18,100
Vacancy Savings				(32,109)					(32,233)
Inflation/Deflation				5,766					6,891
Total Statewide Present Law Adjustments				(\$11,315)					(\$7,242)
DP 502 - Youth Services Division Overtime - Zero Based									
0.00	29,774	0	0	29,774	0.00	29,774	0	0	29,774
Total Other Present Law Adjustments									
0.00	\$29,774	\$0	\$0	\$29,774	0.00	\$29,774	\$0	\$0	\$29,774
Grand Total All Present Law Adjustments				\$18,459					\$22,532

DP 502 - Youth Services Division Overtime - Zero Based - The division requests \$326,835 general fund each year of the biennium for over time and holiday worked. Overtime is a zero-based budget item and is not included in the adjusted base and must be requested in a decision package. The amount of funding requested for each facility is:

- Riverside Youth Correctional Facility - \$40,669
- Transition Center - \$29,774
- Pine Hills Youth Correctional Facility - \$256,392

**LFD
COMMENT**

The amount requested in this decision package is consistent with the amount expended in FY 2008.

Sub-Program Details

PINE HILLS YOUTH CORRECTIONAL FACI 05

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	135.35	0.00	0.00	135.35	0.00	0.00	135.35	135.35
Personal Services	6,805,122	422,730	0	7,227,852	447,224	0	7,252,346	14,480,198
Operating Expenses	1,199,637	27,527	0	1,227,164	31,943	0	1,231,580	2,458,744
Benefits & Claims	48,492	0	0	48,492	0	0	48,492	96,984
Total Costs	\$8,053,251	\$450,257	\$0	\$8,503,508	\$479,167	\$0	\$8,532,418	\$17,035,926
General Fund	7,464,268	450,257	0	7,914,525	479,167	0	7,943,435	15,857,960
State/Other Special	588,983	0	0	588,983	0	0	588,983	1,177,966
Total Funds	\$8,053,251	\$450,257	\$0	\$8,503,508	\$479,167	\$0	\$8,532,418	\$17,035,926

Sub-Program Description

This subprogram includes Pine Hills Youth Correctional Facility, which is the state operated institution for males located in Miles City.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	7,464,268	7,464,268	14,928,536	94.14%	8,053,251	8,053,251	16,106,502	94.54%
Statewide PL Adjustments	160,311	189,221	349,532	2.20%	160,311	189,221	349,532	2.05%
Other PL Adjustments	289,946	289,946	579,892	3.66%	289,946	289,946	579,892	3.40%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$7,914,525	\$7,943,435	\$15,857,960		\$8,503,508	\$8,532,418	\$17,035,926	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2010-----					-----Fiscal 2011-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				421,866					447,378
Vacancy Savings				(289,082)					(290,100)
Inflation/Deflation				27,527					31,943
Total Statewide Present Law Adjustments				\$160,311					\$189,221
DP 502 - Youth Services Division Overtime - Zero Based									
0.00	256,392		0	0	256,392	0.00	256,392	0	0
DP 503 - Youth Services Division Inmate Pay - Zero Based									
0.00	33,554		0	0	33,554	0.00	33,554	0	0
Total Other Present Law Adjustments									
0.00	\$289,946		\$0	\$0	\$289,946	0.00	\$289,946	\$0	\$0
Grand Total All Present Law Adjustments				\$450,257					\$479,167

DP 502 - Youth Services Division Overtime - Zero Based - The division requests \$326,835 general fund each year of the biennium for over time and holiday worked. Overtime is a zero-based budget item and is not included in the adjusted base and must be requested in a decision package. The amount of funding requested for each facility is:

- Riverside Youth Correctional Facility - \$40,669
- Transition Center - \$29,774
- Pine Hills Youth Correctional Facility - \$256,392

LFD COMMENT

The amount requested in this decision package is consistent with the amount expended in FY 2008.

DP 503 - Youth Services Division Inmate Pay - Zero Based - The division requests \$38,554 general fund for each year of the biennium for inmate pay. The money earned by youth is used to pay victims restitution for acts committed by the youth. The division indicates that this gives youth an opportunity to learn about the consequences of their actions and the ability to repay victims for some of the damages (restorative justice). Inmate pay is a zero-based budget item and is not included in the adjusted base and must be requested in a decision package. The division is requesting \$5,000 each year for Riverside Youth Correctional Facility and \$33,554 each year for Pine Hills Youth Correctional Facility.

LFD COMMENT

The department requests about a \$5,000 per year increase in funding for inmate pay at Riverside Youth Correctional Facility. The remodeling of the kitchen and implementation of related offender work opportunities was not achieved until a few weeks before the end of FY 2008. Therefore, inmate pay in the base budget year was minimal.

Sub-Program Details**JUVENILE PLACEMENT FUNDS 06****Sub-Program Proposed Budget**

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
Operating Expenses	2,516	35	0	2,551	55	0	2,571	5,122
Benefits & Claims	4,127,363	0	0	4,127,363	0	0	4,127,363	8,254,726
Transfers	2,124,917	0	0	2,124,917	0	0	2,124,917	4,249,834
Total Costs	\$6,254,796	\$35	\$0	\$6,254,831	\$55	\$0	\$6,254,851	\$12,509,682
General Fund	6,038,625	35	0	6,038,660	55	0	6,038,680	12,077,340
State/Other Special	215,152	0	0	215,152	0	0	215,152	430,304
Federal Special	1,019	0	0	1,019	0	0	1,019	2,038
Total Funds	\$6,254,796	\$35	\$0	\$6,254,831	\$55	\$0	\$6,254,851	\$12,509,682

Sub-Program Description

This subprogram includes funding that is utilized by parole officers to place youth in community residential placements. These funds are also utilized by Juvenile Probation Officers and Youth Courts within the Judicial Branch for placement of youth on probation.

Budget Summary By Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	6,038,625	6,038,625	12,077,250	100.00%	6,254,796	6,254,796	12,509,592	100.00%
Statewide PL Adjustments	35	55	90	0.00%	35	55	90	0.00%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$6,038,660	\$6,038,680	\$12,077,340		\$6,254,831	\$6,254,851	\$12,509,682	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2010-----					-----Fiscal 2011-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Inflation/Deflation				35					55
Total Statewide Present Law Adjustments				\$35					\$55
Grand Total All Present Law Adjustments				\$35					\$55

Other Issues

Youth Court Intervention and Prevention Account

The Youth Court Intervention and Prevention account is established and statutorily appropriated in 41-5-2011, MCA. This account receives funds transferred from the Department of Corrections including:

- For each fiscal year \$25,000 for evaluations of out-of-home placements, programs, and services
- Unexpended funds from the judicial districts' annual allocations of juvenile placement funds
- Unexpended funds from the cost containment pool created from juvenile placement funds, per statute the cost containment pool must be at least \$1 million

**LFD
ISSUE****Level of Appropriation**

Figure 11 summarizes revenues and expenditures for this account. It also provides information on the level of appropriation provided to the Department of Corrections for juvenile placements. As illustrated in the table, revenues into the fund averaged \$2.1 million each year between FY 2005 and 2008, while expenditures averaged \$1.1 million or about \$1.0 million less than the revenue into the account. While revenues have been close to or in excess of \$2.0 million each year, FY 2008 is the first year expenditures have been at this level. This previous excess of revenue inflow when compared to expenditure outflow results in an ending balance that is growing over time. At the date of this writing the cash balance in the Youth Court Intervention and Prevention Account was \$3.6 million. Because the source of the funds for this account is general fund appropriated to the Department of Corrections for juvenile placements and on average about \$2.1 million per year of the appropriation is being transferred to this account, the question becomes what level of funding does the legislature wish to appropriate for juvenile placements, realizing that funds not spent on placements are transferred to this account used to support prevention and intervention programs.

As part of the deliberations related to juvenile placement funding appropriated to the Department of Corrections, the legislature may wish to consider the purposes of the Juvenile Delinquency Intervention Act (Title 41, Part 20) that established the Youth Court Intervention and Prevention account. The purposes of the act are to:

- Provide an alternate method of funding juvenile out-of-home placements, programs, and services
- Increase the ability of youth courts to respond to juvenile delinquency through early intervention and expanded community alternatives
- Enhance the ability of the youth courts to control costs
- Enhance community safety, hold youth accountable, and promote the competency development of youth
- Use local resources for the placement of troubled youth, when appropriate and available
- Reduce placements in out-of-state residential facilities and programs
- Use state youth correctional facilities when appropriate

The legislature may also wish to request that the Judicial Branch and Department of Corrections provide a coordinated plan indicating goals and measurable objectives for juvenile placement funds and funds transferred to the state special revenue account, including an estimate of the funding needed to achieve the proposed goals and measurable objectives. The legislature could then determine which goals and objectives it wished to support and provide a level of funding that supports achievement of those goals and objectives.

Figure 11
Judicial Branch
Youth Court Intervention and Prevention Account
Fund 02151 - Statutorially Appropriated per 41-5-2011(2), MCA

Fiscal Year	Revenue	Expenditures	Difference	Appropriation*
2005	\$2,099,025	\$683,909	\$1,415,116	\$7,682,757
2006	1,897,479	632,447	1,265,032	7,542,344
2007	2,337,641	1,186,278	1,151,363	7,542,344
2008	2,124,915	2,012,568	112,347	6,038,021
Annual Ave.	\$2,114,765	\$1,128,801	\$985,965	\$7,201,367

*Notes
Appropriation represents the amount appropriated by the legislature to the Dept. of Corrections for juvenile placements.
In FY 2006, \$1.5 million was transferred from juvenile placement funds to other areas in the Dept of Corrections to partially offset expenditure in excess of appropriations. The department did not request and the legislature did not increase juvenile placement funds to the previous funding level.